



Heng Hup Holdings Limited

興合控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1891

ANNUAL REPORT

2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Datuk Sia Kok Chin (chairman of the Board and chief executive officer)
Datuk Sia Keng Leong
Mr. Sia Kok Chong
Mr. Sia Kok Seng
Mr. Sia Kok Heong

Independent Non-Executive Directors

Ms. Sai Shiow Yin
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

AUDIT & RISK MANAGEMENT COMMITTEE

Ms. Sai Shiow Yin (Chairlady)
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

REMUNERATION COMMITTEE

Ms. Sai Shiow Yin (Chairlady)
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

NOMINATION COMMITTEE

Datuk Sia Kok Chin (Chairman)
Ms. Sai Shiow Yin
Mr. Chu Kheh Wee

COMPANY SECRETARY

Ms. Tsang Wing Man (ACG HKACG)

AUTHORISED REPRESENTATIVES

Datuk Sia Kok Chin
Mr. Sia Kok Heong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND CORPORATE OFFICE IN MALAYSIA

A-10-09, Oasis Square
Jalan PJU 1A/7A
Ara Damansara
47301 Petaling Jaya
Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
No. 248, Queen's Road East
Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest
Entity Auditor

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE IN CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited
17/F, Far East Financial Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Hong Leong Bank Berhad
Level 8, Wisma Hong Leong
No.18, Jalan Perak
50450 Kuala Lumpur
Malaysia

United Overseas Bank (M) Berhad
No.48, Jalan PJU 5/8
Dataran Sunway, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

STOCK CODE

Hong Kong Stock Exchange 1891

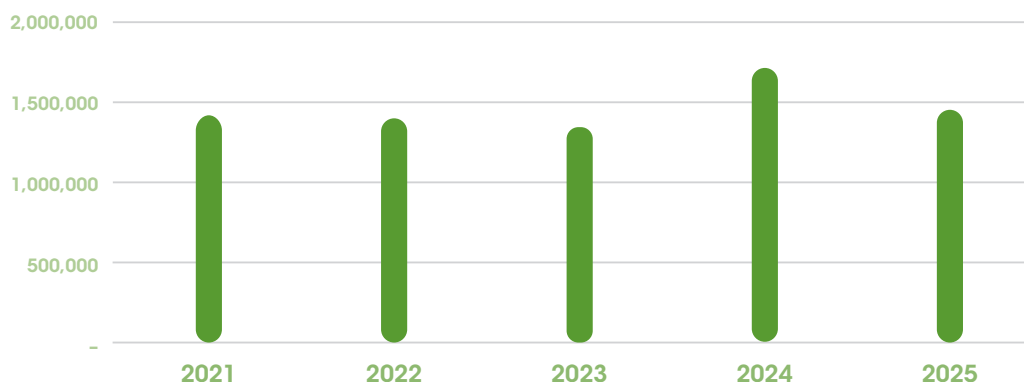
COMPANY WEBSITE

www.henghup.com

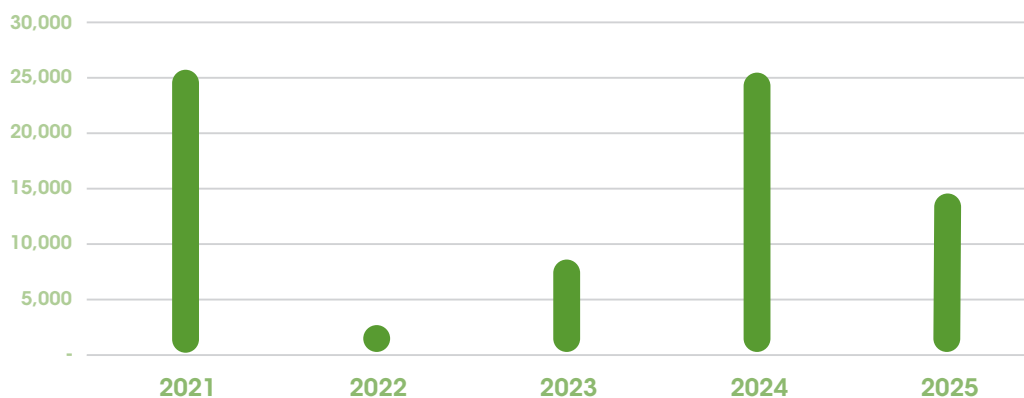
FIVE YEARS FINANCIAL HIGHLIGHTS

	Year ended 31 December					2025
	2021	2022	2023	2024	2024	
Revenue (RM'000)	1,418,239	1,404,575	1,346,983	1,706,659		1,455,434
Gross Profit (RM'000)	77,574	52,329	77,079	125,964		123,069
Profit Before Income Tax (RM'000)	35,546	4,275	14,349	32,862		17,894
Profit After Tax Attributable to Owner of the Company (RM'000)	25,485	2,381	8,540	25,464		14,581
Equity attributable to the owners of the Company (RM'000)	206,772	203,780	212,590	234,653		245,539
Total Assets (RM'000)	280,020	278,456	382,106	380,346		385,808
Total Liabilities (RM'000)	73,248	74,676	169,516	145,693		140,269

Revenue (RM'000)

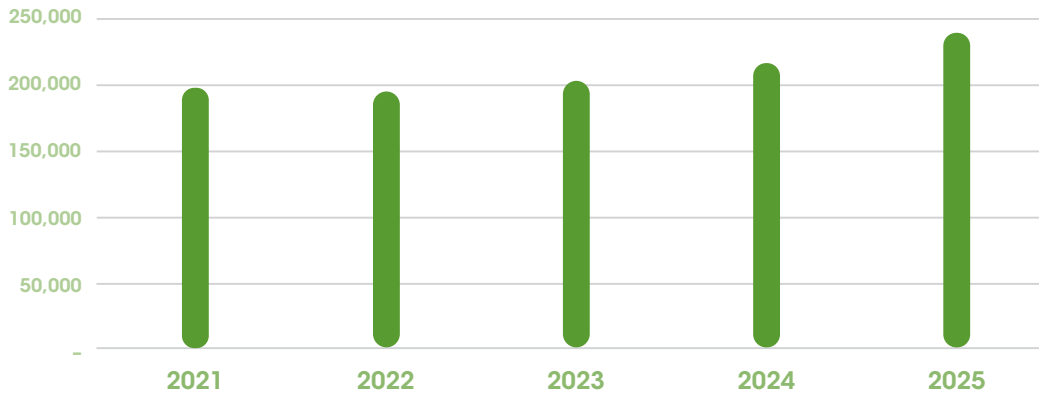


Profit After Tax Attributable to Owner of the Company (RM'000)

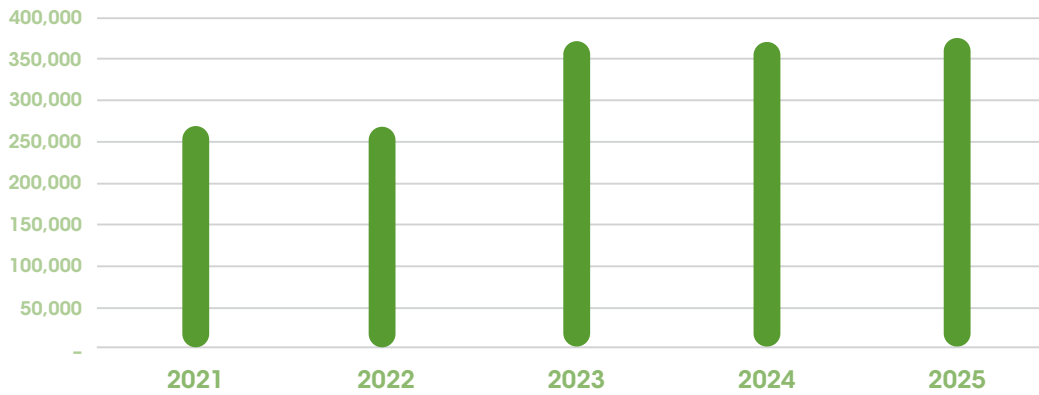


Five Years Financial Highlights

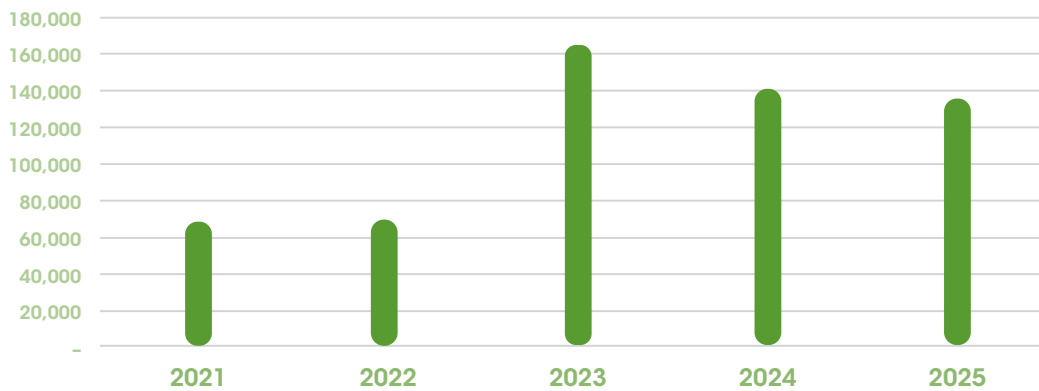
Equity attributable to the owners of the Company (RM'000)



Total Assets (RM'000)



Total Liabilities (RM'000)



CHAIRMAN'S STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS OF HENG HUP HOLDINGS LIMITED ("THE COMPANY"), I AM PLEASED TO PRESENT THE ANNUAL REPORT & AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES ("THE GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 ("FYE 2025").

During FYE 2025, the Group operated in a challenging market environment characterised by continued volatility in global steel prices, fluctuations in demand, and rising logistics costs. Despite these headwinds, the Group remained focused on maintaining operational discipline and strengthening its core business in the scrap ferrous metal trading sector.

For FYE 2025, the Group recorded revenue of RM1.46 billion, representing a decrease of approximately 14.7% compared to RM1.71 billion recorded in the financial year ended 31 December 2024 ("FYE 2024"). The decrease in revenue was primarily attributable to lower sales volume of scrap ferrous metal during the financial year, reflecting softer market demand amid ongoing adjustments within the global steel industry.

Despite the decline in revenue, the Group demonstrated resilience in maintaining its profitability. The Group recorded a gross profit of RM123.07 million in FYE 2025, representing a marginal decrease of approximately 2.3% compared to RM125.96 million in FYE 2024. Notably, the Group's gross profit margin improved during the financial year as a result of disciplined procurement strategies and prudent cost management.

Profit after tax for FYE 2025 amounted to RM10.89 million, compared to RM21.54 million in FYE 2024. The decline in profitability was mainly attributable to higher operating expenses, particularly transportation costs. Transport charges increased significantly during the financial year due to higher logistics and fuel-related costs, which impacted on the Group's overall operating margins.

Looking ahead, the global steel industry is expected to remain dynamic, influenced by shifts in global economic conditions, infrastructure development activities, and increasing emphasis on sustainable and environmentally responsible production practices. The recycling of scrap metals continues to play an important role in supporting the transition towards a more sustainable steel industry, and the Group remains well positioned to benefit from these long-term structural trends.

The Group will continue to strengthen its operational capabilities by refining procurement strategies, enhancing operational efficiency and productivity, and improving logistics planning to mitigate rising transportation costs. At the same time, we remain committed to maintaining high standards of corporate governance, environmental responsibility and risk management in all aspects of our operations.

On behalf of the Board, I wish to express my sincere appreciation to our management team and employees for their dedication and resilience throughout the year. I would also like to extend my heartfelt gratitude to our shareholders, customers, suppliers, and business partners for their continued trust and support. Their confidence in the Group remains a key driver of our long-term growth and success.

Moving forward, the Group will remain vigilant in navigating market uncertainties while continuing to pursue sustainable growth and long-term value creation for all stakeholders.

Thank you.

Yours faithfully

Datuk Sia Kok Chin

Chairman and Chief Executive Officer

Malaysia

31 March 2026

COMPANY PROFILE

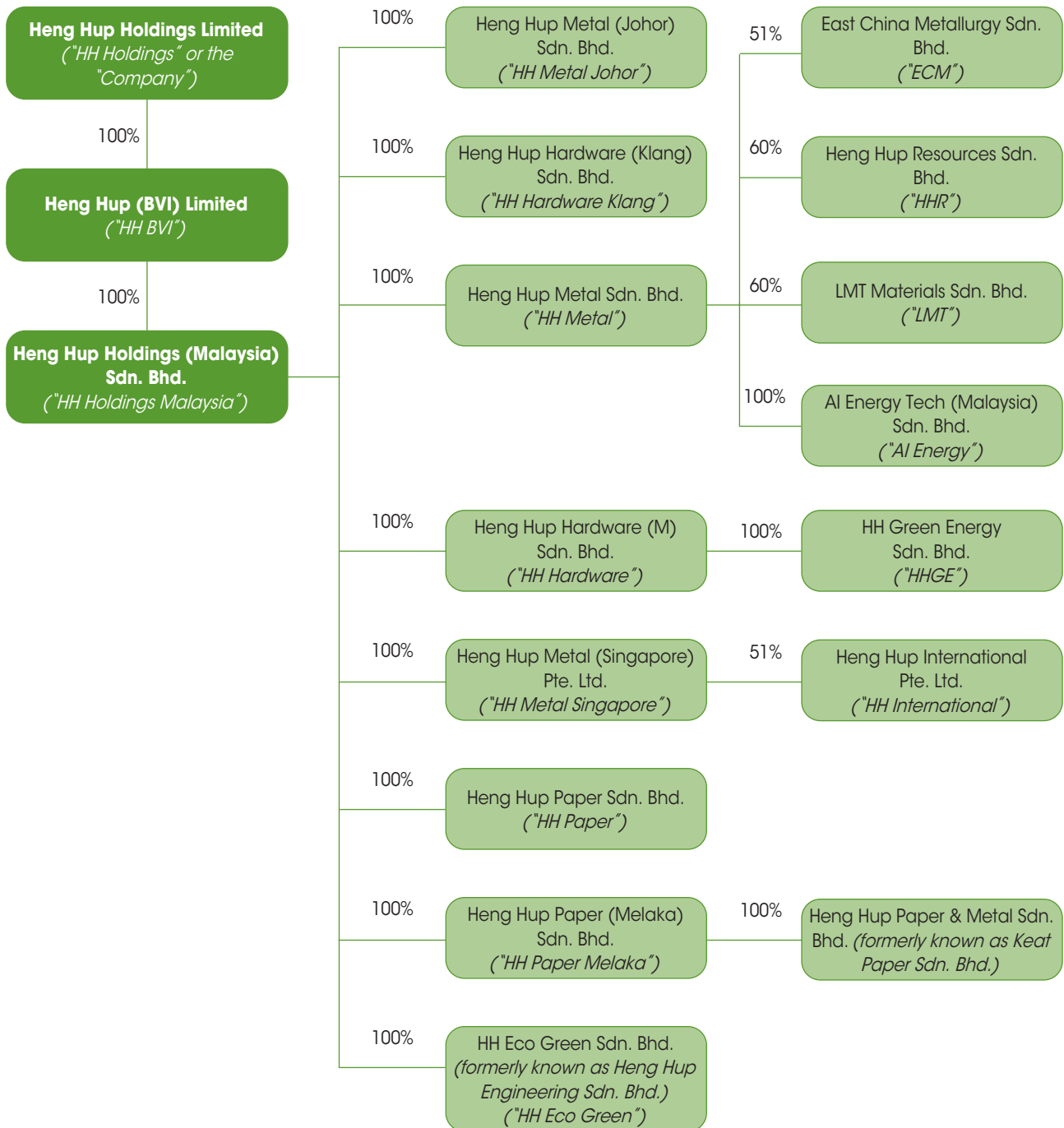
We are a leading scrap ferrous metal trader in Malaysia. Over the years, we have established a nationwide supplier base of feeder yards from which we source recyclable scrap ferrous metals for sales to steel mills in Malaysia. We also operate several scrapyards within the state of Selangor, Kedah, Malacca and Johor with an aggregate land area of approximately 68,794 sq.m., equipped with the processing machinery mainly for ferrous metals strategically located in areas where the availability of scrap ferrous metals can be assured and nearby our steel mill customers in the states of Terengganu, Pahang, Selangor and Penang.

In addition, supported by a fleet of 105 self-owned trucks among which, 89 are trucks with laden weight of 20 tonnes or above as at the date of this annual report, we can always respond to the logistics needs of our small and medium-sized suppliers, who have only limited logistics support, on a timely basis.

We always pride ourselves on our capability to source sizeable volume of scrap ferrous metals to meet the production needs of our steel mill customers. For FYE 2024 and FYE 2025, we sold 949,634 tonnes and 899,833 tonnes of scrap ferrous metal, respectively, which accounted for 93.2% and 89.5% of our revenue, respectively. Alongside with the scrap ferrous metal trading, to a lesser extent, we also trade used batteries, wastepaper and iron ore, which, in aggregate, accounted for 6.4% and 8.2% of our total revenue for FYE 2024 and FYE 2025, respectively. We also operate two wastepaper yard located in the state of Melaka and Johor, with aggregated land area of approximately 11,500 sq.m.. In addition, we operate two other mineral stockpiles on the East Coast with aggregated land area of approximately 152,000 sq.m.

Company Profile

Heng Hup Holding Ltd Group Structure



DIRECTORS AND SENIOR MANAGEMENT TEAM

DIRECTORS

The Board currently consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. The following table sets forth information regarding the Directors.

Name	Age	Position	Date of appointment as Directors
Executive Directors			
Datuk Sia Kok Chin	53	Chairman and chief executive officer	12 April 2018
Datuk Sia Keng Leong	63	Executive Director	12 April 2018
Mr. Sia Kok Chong	61	Executive Director	12 April 2018
Mr. Sia Kok Seng	57	Executive Director	12 April 2018
Mr. Sia Kok Heong	51	Executive Director	12 April 2018
Independent non-executive Directors			
Ms. Sai Shiow Yin	44	Independent non-executive Director	19 February 2019
Mr. Puar Chin Jong	56	Independent non-executive Director	19 February 2019
Mr. Chu Kheh Wee	56	Independent non-executive Director	19 February 2019

EXECUTIVE DIRECTORS

Datuk Sia Kok Chin, aged 53, was appointed as our Director in April 2018, and was designated as our executive Director and appointed as the chairman of our Board and our chief executive officer in June 2018. Datuk Sia Kok Chin is the chairman of the nomination committee of the Company. Datuk Sia Kok Chin joined HH Hardware as the manager in August 2001. Datuk Sia Kok Chin is also a director of HH BVI, HH Holdings Malaysia, HH Metal, HH Paper, HH Paper Melaka, HH Hardware and HH Metal Johor, which are our subsidiaries. Datuk Sia Kok Chin has over 23 years of experience in the scrap material trading industry. Datuk Sia Kok Chin is primarily responsible for overall management, strategic planning and day-to-day business operations of our Group.

Datuk Sia Kok Chin completed his secondary education in Sekolah Menengah Jenis Kebangsaan Seg Hwa in Malaysia in December 1991. Datuk Sia Kok Chin has been the treasurer of Malaysia Metal Recyclers Association from 2016-2018, act as 2nd Vice President from 2018 – 2022. Datuk Sia Kok Chin has been the President of the Association since October 2022.

Datuk Sia Kok Chin is a brother of Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong, all of which are our executive Directors and Controlling Shareholders, and a brother-in-law of Mr. Goh Eng Kiat, being our regional manager.

Datuk Sia Kok Chin had been conferred Darjah Pangkuan Seri Melaka (D.P.S.M) which carries the title "Datuk" since 9 October 2020.

Datuk Sia Kok Chin has not been a director of any listed company in the last three years.

Directors and Senior Management Team

Datuk Sia Keng Leong, aged 63, was appointed as our Director in April 2018 and designated as our executive Director in June 2018. Datuk Sia Keng Leong became an owner of HH Hardware in May 2003. Datuk Sia Keng Leong is also a director of HH BVI, HH Holdings Malaysia, HH Metal, HH Paper, HH Paper Melaka, HH Hardware and HH Metal Johor, which are our subsidiaries. Since joining Heng Hup Hardware in 2003, Datuk Sia Keng Leong has accumulated over 20 years of experience in the scrap material trading industry. Datuk Sia Keng Leong is primarily responsible for the operations of HH Hardware and HH Paper Melaka.

Datuk Sia Keng Leong completed his secondary education in Sekolah Menengah Jenis Kebangsaan Seg Hwa in Malaysia in December 1981.

Datuk Sia Keng Leong is a brother of Datuk Sia Kok Chin, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong, all of which are our executive Directors and Controlling Shareholders, and a brother-in-law of Mr. Goh Eng Kiat, being our regional manager.

Datuk Sia Keng Leong has not been a director of any listed company in the last three years.

Mr. Sia Kok Chong, aged 61, was appointed as our Director in April 2018 and designated as our executive Director in June 2018. Mr. Sia Kok Chong is one of the founders of HH Hardware. Mr. Sia Kok Chong is also a director of HH BVI, HH Holdings Malaysia, HH Metal, HH Paper, HH Paper Melaka, HH Hardware and HH Metal Johor, which are our subsidiaries. Since the formation of HH Hardware in 1996, Mr. Sia Kok Chong has accumulated over 27 years of experience in the scrap material trading industry. Mr. Sia Kok Chong is primarily responsible for the operations of HH Metal Johor.

Mr. Sia Kok Chong attended his secondary education in Sekolah Menengah Jenis Kebangsaan Seg Hwa in Malaysia.

Mr. Sia Kok Chong is a brother of Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Seng and Mr. Sia Kok Heong, all of which are our executive Directors and Controlling Shareholders, and a brother-in-law of Mr. Goh Eng Kiat, being our regional manager.

Mr. Sia Kok Chong has not been a director of any listed company in the last three years.

Mr. Sia Kok Seng, aged 57, was appointed as our Director in April 2018 and designated as our executive Director in June 2018. Mr. Sia Kok Seng is one of the founders of HH Hardware. Mr. Sia Kok Seng is also a director of HH BVI, HH Holdings Malaysia, HH Metal, HH Paper, HH Paper Melaka, HH Hardware and HH Metal Johor, which are our subsidiaries. Since the formation of HH Hardware in 1996, Mr. Sia Kok Seng has accumulated over 27 years of experience in the scrap material trading industry. Mr. Sia Kok Seng is primarily responsible for the operations of HH Paper and HH Metal.

Mr. Sia Kok Seng attended his secondary education in Sekolah Menengah Jenis Kebangsaan Seg Hwa in Malaysia.

Mr. Sia Kok Seng is a brother of Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong and Mr. Sia Kok Heong, all of which are our executive Directors and Controlling Shareholders, and a brother-in-law of Mr. Goh Eng Kiat, being our regional manager.

Mr. Sia Kok Seng has not been a director of any listed company in the last three years.

Directors and Senior Management Team

Mr. Sia Kok Heong, aged 51, was appointed as our Director in April 2018 and designated as our executive Director in June 2018. Mr. Sia Kok Heong joined our Group as a director of HH Hardware in March 2005. Mr. Sia Kok Heong is also a director of HH BVI, HH Holdings Malaysia, HH Metal, HH Paper, HH Paper Melaka and HH Metal Johor, which are our subsidiaries. Mr. Sia Kok Heong has over 18 years of experience in the scrap material trading industry. Mr. Sia Kok Heong is primarily responsible for the operations of HH Hardware and HH Paper Melaka.

Mr. Sia Kok Heong received a diploma in electrical/electronic engineering from the Institut Teknologi Pertama in Malaysia in June 1995.

Mr. Sia Kok Heong is a brother of Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong and Mr. Sia Kok Seng, all of which are our executive Directors and Controlling Shareholders, and a brother-in-law of Mr. Goh Eng Kiat, being our regional manager.

Mr. Sia Kok Heong has not been a director of any listed company in the last three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Sai Shioh Yin, aged 44, was appointed as our independent non-executive Director on 19 February 2019 and is mainly responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Ms. Sai is the chairlady of the audit and risk management committee and the remuneration committee; and a member of the nomination committee of the Company.

Ms. Sai received a Bachelor's Degree of Commerce in Accounting and Economics from Deakin University in Australia in April 2005 and a Master's Degree of Commerce in Financial Planning from the same university in April 2011. Ms. Sai was admitted as a member of CPA Australia in July 2010 and became the fellow of CPA (FCPA) in December 2022.

She began her career in 2006 in Knight Frank Australia Pty Ltd, where in Melbourne Australia, being a multinational property consultancies where the headquarters in UK, initially as an Assistant Accountant in property accounting services and was subsequently promoted to National Accountant in corporate finance and was responsible for all accounting matters.

In 2009 to 2011, she joined Jones Lang LaSalle (VIC) Pty Ltd in Melbourne Australia (in partnership with Telstra Limited – a company listed on the ASX20 in Australia as a blue-chip company) as the Senior Accountant and was responsible for overseeing the full set of financial accounting and financial assessment.

She then subsequently returned to Malaysia in 2012 and joined SunPower Solar Malaysia Sdn. Bhd., being an international solar energy leader and listed on the NASDAQ an American Stock Exchange, as the Head of Finance and was responsible for, among other things, providing accounting controllership oversight of Asia-Pacific, Europe regions, cash flow management and intercompany transaction of the same region and financial reporting.

In 2014, She then joined back Jones Lang LaSalle Group which in Malaysia head office, being a subsidiary of Jones Lang LaSalle group (a multinational company provide professional services and investment management specializing in real estate and listed on the Big Board of NYSE and is a Fortune 500 Company), as a Client Accounting Senior Finance Manager and was responsible for, among other things, client accounting transitions, and providing inputs into client finance strategy, data and people management.

In September 2017, she joined Atalian Global Services Sdn. Bhd. as Regional Performance Improvement Director in Asia Region, and is responsible for, among other things, improving the financial performance to the Asia region of the group.

In October 2020 until current, she work for Air Liquide Business Services Sdn Bhd., being the subsidiary of Air Liquide S.A (a French multinational company which supplies industrial gases and services to various industries including medical, chemical, and electronic manufacturers and listed on Europe Stock Exchange and Fortune 500 Company) and was holding the position of APAC Finance Operations Control Director and subsequently in July 2022 was promoted as GBSC APAC Chief Financial Officer and responsible for APAC shared service finance activities, strategic planning, system implementation, transformation, risk and governance.

Directors and Senior Management Team

Mr. Puar Chin Jong, aged 56, was appointed as our independent non-executive Director on 19 February 2019 and is mainly responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Mr Puar is a member of the audit and risk management committee and the remuneration committee of the Company.

Mr. Puar obtained his Bachelor of Economics (Business Administration) from University Malaya in 1994. In 2001, he was admitted as an Associate Member of the Chartered Institute of Management Accountants.

He began his career in 1994 in FACB Capital Sdn Bhd, a company primarily involved in the business of investment holding, consultancy and money lending, a subsidiary of FACB Resorts Berhad (now known as Karambunai Corporation Berhad), a company primarily involved in the business of investment holdings and provision of management services where its subsidiary companies are principally involved in the leisure and tourism business, prior to its delisting from the Main Market of Bursa Malaysia Securities Berhad in November 2019, as a Management Trainee in the Corporate Strategy & Research department and was subsequently promoted to Executive in the same department in 1995.

In 1996, he was reassigned as an Executive in the Corporate Finance - Mergers & Acquisitions department and was subsequently promoted to Assistant Manager and Manager in the same department in 1997 and 1998 respectively. During his tenure with FACB Capital Sdn Bhd, he was responsible for managing financing and implementation of various mergers & acquisition exercises. Thereafter, he left FACB Capital Sdn Bhd in 1999.

In 2000, he joined Petaling Tin Berhad ("**PTB**"), a company primarily involved in the business of property development, property investment and investment holdings prior to its delisting from the Main Market of Bursa Malaysia Securities Berhad in August 2018, as a Senior Manager of Corporate Finance where he was responsible for overseeing end to end mergers and acquisition operations, identifying and reviewing potential deals to enhance the overall shareholders' value of PTB.

He subsequently left PTB in 2003 and joined Alliance Merchant Bank Berhad (now known as Alliance Investment Bank Berhad) ("**AIBB**"), an investment bank, as a Senior Manager in the Corporate Finance Department in the same year. In 2007, he was promoted to Vice President in the Corporate Finance department and Senior Vice President, Head of Capital Markets - Equity Execution in 2013. During his tenure with AIBB, he led the origination, structuring and management of deals while providing corporate and financial advice on a myriad of mergers & acquisitions, fund raising and takeover exercises as well as restructuring transactions and flotation.

In 2013, he joined RHB Investment Bank Berhad ("**RHBIB**"), an investment bank, as a Senior Vice President of Corporate Finance. He was involved in corporate finance advisory exercises such as mergers and acquisitions, fund raising and corporate restructuring.

Directors and Senior Management Team

In 2016, he left RHBIB and joined S P Setia Berhad, a public listed company on the Main Market of Bursa Malaysia Securities Berhad primarily involved in the business of investment holdings, where its subsidiary companies are principally involved in property development and other property related business, as the Head of Corporate Affairs, Group Corporate Finance Division. During his tenure in S P Setia Berhad, he has been tasked to overseas the corporate finance, accounting, treasury, audit and taxation as well as investor relations for S P Setia Berhad group of companies. He left S P Setia Berhad as Divisional General Manager in 2022.

He is presently a Partner at ECore Synergy PLT where he provides business management consultancy services as well as focuses in providing guidance and knowledge-sharing opportunities to young professionals in the field of corporate finance.

Currently, he is the independent non-executive director of SCC Holdings Berhad and Kucingko Berhad, both companies listed on the ACE Market of Bursa Malaysia Securities Berhad.

Mr. Chu Kheh Wee, aged 56, was appointed as our independent non-executive Director on 19 February 2019 and is mainly responsible for providing independent judgement on our Group's strategy, performance, resources and standard of conduct. Mr. Chu is a member of the audit and risk management committee, the remuneration committee and the nomination committee of the Company.

Mr. Chu received a diploma in cost accounting from the London Chamber of Commerce and Industry in 1990. Mr. Chu was admitted as a registered accountant and a chartered accountant of the Malaysian Institute of Accountants in December 1999 and June 2001, respectively, an associate member of the Chartered Institute of Management Accountants in August 1996 and a Chartered Global Management Accountant in May 2011.

Mr. Chu founded Executive ProSight Resources in February 2011 for the purpose of providing business and corporate advisory and employment services. From October 2007 to October 2008, Mr. Chu worked for D' Tiara Corp. Sdn. Bhd., being a company engaging in investment, development and sale of properties and resorts, as the chief financial officer and was responsible for the proposed listing application of such company on the Alternative Investment Market (currently known as AIM) of the London Stock Exchange. Mr. Chu founded K W Chu Trading Services in April 2006 for the purpose of providing management, accounting and other consulting works concerning trade and business. From October 2004 to September 2007, Mr. Chu worked for Oil-Line Engineering and Associates Sdn. Bhd., being a subsidiary of OilCorp Berhad, as a senior manager and was responsible for advising on corporate finance matters of the aforesaid company. From May 2002 to September 2004, Mr. Chu worked for Tenaga Nazar (M) Sdn. Bhd., being an affiliated company of OilCorp Berhad (a company engaging in the provision of engineering, procurement, construction, technical and contract related services in Malaysia, the Middle East and the ASEAN countries), as a senior manager of corporate finance and was responsible for managing corporate finance matters of the aforesaid company. From November 2000 to May 2002, Mr. Chu worked for Worthy Builders Sdn. Bhd., being a civil engineering company, and last held the position of senior finance manager. From August 1999 to October 2000, Mr. Chu worked for Chase Perdana Berhad, being a company engaging in the provision of construction and civil engineering services, as a finance manager. From January 1997 to August 1999, Mr. Chu worked for Golden Plus Builders Sdn. Bhd., being a subsidiary of Golden Plus Holdings Berhad (a company engaging in property development and construction businesses in Malaysia and the PRC), as a finance manager. Mr. Chu was responsible for managing the financial affairs of Worthy Builders Sdn. Bhd., Chase Perdana Berhad and Golden Plus Builders Sdn. Bhd.

Directors and Senior Management Team

Since 31 December 2019, Mr. Chu has been appointed as executive director of SMRT Holdings Berhad, a Malaysian company listed on the Ace Market of Bursa Malaysia Securities Berhad.

SENIOR MANAGEMENT TEAM

The following table presents certain information concerning the senior management team of our Group:

Name	Age	Year of Join	Position
Mr. Goh Eng Kiat	67	2009	Regional Manager

Mr. Goh Eng Kiat, aged 67, joined our Group as a director of HH Metal Johor and appointed as Group regional manager in May 2009 and is mainly responsible for managing our operations in the states of Melaka and Johor.

Mr. Goh completed his secondary education in Seg Hwa N. T. Secondary School in Malaysia in December 1977. Prior to joining our Group in January 2009, Mr. Goh worked for Seng Hiap Glass Sdn. Bhd., being a company engaging in the manufacture of glasses, as a contract manager from February 2000 to August 2008 and was responsible for administrative works, product costing, project contract tendering, and supervision of field works.

Mr. Goh is the brother-in-law of Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong, all of which are our executive Directors and Controlling Shareholders.

Mr. Goh has not been a director of any listed company in the last three years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to maintain its position as a key participant in Malaysia's scrap ferrous metal trading sector. Guided by our longstanding commitment to integrity and reliability in all business dealings, the Group remains focused on meeting customers' needs while adapting to evolving market conditions.

For the financial year ended 2025 ("**FYE 2025**"), the Group recorded revenue of RM1.46 billion, reflecting a decrease of approximately 14.7% from RM1.71 billion in financial year ended 2024 ("**FYE 2024**"). The decline in revenue was primarily driven by a reduction in sales volume of scrap ferrous metal, arising from subdued market demand and sustained price volatility within the global steel industry.

Despite the decline in revenue, the Group recorded a gross profit of RM123.07 million in FYE 2025, representing a marginal decrease of approximately 2.3% compared to RM125.96 million in FYE 2024. The Group's gross profit margin, however, improved by approximately 1.08%, which was mainly attributable to the Group's disciplined procurement strategy and effective cost management. These measures helped mitigate the impact of market price volatility during the financial year and reflect the Group's ability to preserve margin quality despite a challenging revenue environment.

The Group recorded a profit after tax of RM10.89 million in FYE 2025, representing a decrease of approximately 49.4% compared to RM21.54 million in FYE 2024. The decline in profitability was mainly due to higher operating costs, particularly transportation expenses. These costs were driven by elevated logistics expenditure, including higher fuel prices and freight-related charges, which exerted notable pressure on overall operating margins.

The global steel industry continues to operate in a challenging and evolving environment. Key industry issues include supply-demand imbalances, fluctuations in raw material prices, and increasing regulatory and environmental expectations relating to sustainable production and recycling practices. These factors continue to contribute to volatility in steel and scrap metal prices and may influence market demand in the near term.

In light of the prevailing operating environment, the Group remains focused on strengthening its core business operations and enhancing operational resilience. The Group will continue to refine its procurement strategies, improve operational efficiency and productivity, and optimize logistics planning to better manage transportation costs. In addition, the Group will remain attentive to market developments and sustainability trends to ensure that its business operations remain competitive and aligned with evolving industry requirements.

Looking ahead, the Group will continue to exercise prudent financial and operational management while remaining vigilant in navigating market uncertainties. The Group remains committed to pursuing sustainable profitability and delivering long-term value to its stakeholders.

Management Discussion and Analysis

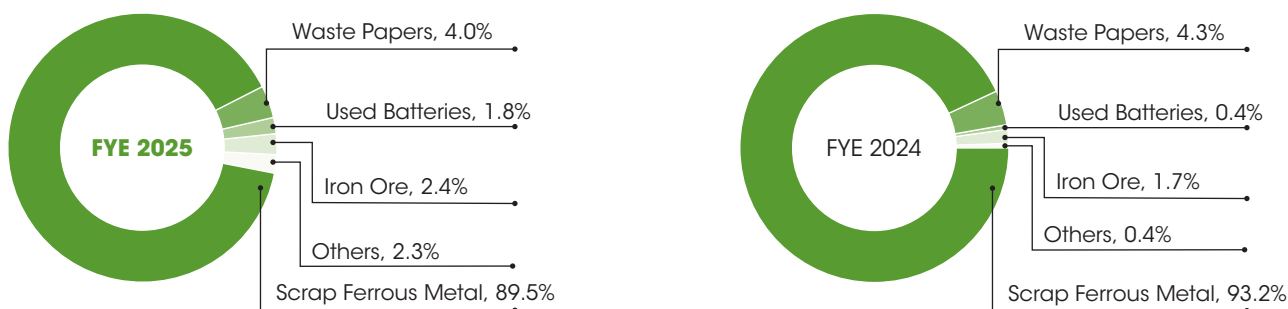
FINANCIAL REVIEW

Revenue

The Group recorded total revenue of RM1,455.43 million for FYE 2025 representing decrease of approximately 14.7% compared to revenue of RM1,706.66 million in FYE 2024.

The decline in the Group's revenue in FYE 2025 was mainly attributable to a decrease in the sales volume of scrap ferrous metal. The sales volume of scrap ferrous metal for FYE 2025 reached 899,833 tonnes representing a decrease of approximately 5.2% as compared to 949,634 tonnes recorded in FYE 2024.

The breakdown of total revenue of our Group by product types for the respective financial years is as follows:



Gross Profit

The Group's gross profit decreased by RM2.89 million from RM125.96 million in FYE 2024 to RM123.07 million in FYE 2025, mainly due to lower revenue during the financial year. Nevertheless, the Group recorded an improvement in gross profit margin, attributable to enhanced procurement efficiency and tighter cost control in scrap purchases, which reduced the cost of sales relative to revenue.

Other Income

Other income decreased from RM1.44 million in FYE 2024 to RM1.33 million in FYE 2025, mainly due to reduce in rental and other income.

Other Losses

Our Group's other losses as included in other gains/losses, net amounted to RM0.21 million for FYE 2025, representing a decrease in loss of RM1.30 million compared to FYE 2024. The decrease was mainly attributable to a decrease in written-off of downpayment to suppliers.

Provision for loss allowance on trade receivables

Our Group's provision for loss allowance on trade receivables amounted to RM3.31 million for FYE 2025, representing an increase in the provision of RM1.43 million. The increase was mainly attributable to the increase in credit risk from certain customers during the year.

Management Discussion and Analysis

Distribution and Selling Expenses

Distribution and selling expenses increased from RM55.31 million in FYE 2024 to RM69.02 million in FYE 2025, representing an increase of approximately 24.8%. The increase was mainly attributable to higher transportation charges incurred during the financial year.

Administrative Expenses

The Group recorded administrative expenses of RM31.61 million for FYE 2025, representing a slight increase of approximately 1.6% compared to RM31.11 million for FYE 2024. The increase was mainly attributable to higher insurance expenses and the impairment losses of the property, plant and equipment during the financial year.

Taxation

Malaysian corporate income tax has been provided at the rate of 24% (FYE 2024: 24%) of the estimated assessable profit. Income tax expenses decreased from RM11.32 million in FYE 2024 to RM7.01 million in FYE 2025. The effective tax rate for FYE 2025 was 39.2% (FYE 2024: 34.5%).

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for FYE 2025 was RM14.58 million (FYE 2024: RM25.46 million), representing a decrease of approximately 42.7%. The decrease was mainly attributable to higher operating costs, particularly distribution and transportation expenses incurred during the financial year.

Key Financial Ratios

The following table sets forth certain of our financial ratios as at the dates indicated.

Liquidity Ratios	As at 31 December	
	2025	2024
Current ratio	2.4 times	2.3 times
Gearing ratio	0.37 times	0.35 times

	For the year ended 31 December	
	2025	2024
Inventories' turnover period	16 days	14 days
Trade receivables' turnover period	40 days	38 days
Trade payables' turnover period	7 days	9 days

Management Discussion and Analysis

Liquidity and Financial Resources

As of FYE2025, the Group's total equity attributable to owners amounted to RM252.87 million (FYE 2024: RM238.44 million) including retained earnings of RM169.34 million (FYE 2024: RM154.76 million). The Group's net current assets amounted to RM168.22 million (FYE 2024: RM164.74 million), of which cash and bank balances and pledged bank deposits totaled RM57.16 million in total (FYE 2024: RM52.39 million).

Taking into accounts the cash and cash equivalents on hand and banking facilities available, the Group has adequate financial resources to meet its working capital requirements as well as to fund its budgeted expansion plans in the forthcoming financial year. The Board will continue to adopt a prudent treasury policy in managing its cash and bank balances, and to maintain a strong and healthy liquidity to ensure that the Group is well positioned to achieve its business objectives and strategies.

Total borrowings of the Group as at 31 December 2025 were RM86.81 million (FYE 2024: RM76.93 million). The borrowings were principally utilized for the procurement of scrap ferrous metals and capital expenditure. The increase in borrowings was mainly due to the drawdown of additional bank loans during the financial year.

The Group's gearing ratio for FYE 2025 was 0.37 times (FYE 2024: 0.35 times), calculated based on total debts divided by total equity as at the end of the respective financial year. The slight increase was mainly attributable to higher bank borrowings during the financial year.

Future Plans for Material Investments and Capital Assets

As of FYE 2025, the Group has no plans for material investments or acquisitions of capital assets, save for the capital commitments disclosed.

Pledge of Assets

As of FYE 2025 and FYE 2024, the Group had pledged the following assets to licensed financial institutions in order to secure certain bank borrowings and general banking facilities granted to the Group:

	2025 RM'000	2024 RM'000
Property, plant and equipment	8,622	5,183
Right-of-use assets	18,429	18,723
Investment properties	5,204	5,262
Deposit for acquisition of land	17,636	17,636
Pledged bank deposits	7,509	7,331
	57,400	54,135

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2025 (2024: Nil).

Management Discussion and Analysis

Capital Commitments

As at 31 December 2025, the Group has capital commitment of RM39.20 million (2024: RM28.56 million) for the acquisition of property, plant and equipment and right-of-use assets.

Risk Management

The Group is exposed to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the ordinary course of its business. Management monitors and manages these risks to ensure that appropriate measures are implemented in a timely and effective manner.

As most majority of the Group's operating subsidiaries are incorporated and operated in Malaysia, and conducting their transactions in Malaysia Ringgit ("**RM**"), which is also the functional and presentation currency of the Group, the Group is not significantly exposed to foreign currency risk.

While the Group currently does not have a formal foreign currency hedging policy for foreign currency transactions, assets and liabilities, the management closely monitors foreign currency exposure and may consider hedging significant exposures where necessary.

The Group's interest rate risk arises primarily from borrowings obtained at variable rates, which expose the Group to cash flow interest rate risk.

The credit risk of the Group mainly arises from cash and bank balances, pledged bank deposits and trade and other receivables. The carrying amounts of these financial assets represent the Group's maximum exposure to credit risk.

The Group considers the probability of default upon initial recognition of an asset and assesses whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. In determining whether a significant increase in credit risk has occurred, the Group compares the risk of a default as at the date of initial recognition against current conditions, and takes into considerations available reasonable and supportive forward-looking information. The Group incorporates the following indicators in its assessment:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and/or
- actual or expected significant changes in the operating results and credit risks of the customers.

The Group manages credit risk associated with cash and bank balances and pledged bank deposits by transacting exclusively with reputable commercial banks that are considered to high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions, and the expected credit loss of cash held at banks is considered to be close to zero.

Management Discussion and Analysis

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. Management applied significant judgement in assessing expected credit losses for trade receivables, taking into account the proxy external default rating of customers, past repayment and default histories and ongoing business relationship. The loss rates are further adjusted to reflect forward-looking information that may affect the ability of customers to settle the receivables. As at 31 December 2025, the expected loss rate for trade receivables was 4.0% (2024: 1.7%), and the provision for trade receivables was RM6.16 million (FYE 2024: RM2.92 million).

The Group did not have any bad debts written off as at 31 December 2025. (FYE 2024: RM0.028 million).

The Group has a significant concentration of credit risk from customers in the scrap ferrous metals sectors, including steel mills and ferrous metal trading companies. As at 31 December 2025, 63% (2024: 66%) of the Group's total trade receivables were due from its two largest trade receivables. As our Group is one of a limited number of approved scraps metal providers to its steel mill customers and based on the past repayment history and forward-looking estimates, the Board is of the view that the credit risk inherent in the Group's outstanding trade receivables from this customers group remains low.

Our Group monitors the outstanding debts from its customers on an individual basis given the concentration of credit risk. Based on historical repayment trends, there is no discernible correlation between the risk of default occurring and collection past-due status, provided there is no significant change in the credit rating of the customers. Historically, losses arising from default risk and the time value of money have been negligible.

The Group's finance function monitors the Group's liquidity position to ensure that sufficient cash is maintained to meet operational needs, having regard to the Group's debt financing plans, covenant compliance, and where applicable, external regulatory or legal requirements, such as currency restrictions.

EVENTS OCCURRED SINCE THE END OF THE FYE 2025

The Board is not aware of any significant events that have occurred subsequent to the FYE 2025 and up to the date of this annual report that would require disclosure.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions to the Code of Corporate Governance (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner, except for the deviation from the code provision C.2.1 of the Corporate Governance Code. Datuk Sia Kok Chin, as the chairman of the Board and the chief executive officer, has been managing our business since 2001. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer in Datuk Sia Kok Chin is beneficial to the management and business development of the Group and will provide strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. During the year under review, the Company has fully complied with the Corporate Governance Code apart from the deviation above.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management team who, because of his/her office or employment, is likely to possess inside information in relation to the Group's or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code and are not aware of any non-compliance of the Model Code by the senior management team of the Group during the year under review.

BOARD OF DIRECTORS (THE "BOARD")

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management team of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit and risk management committee (the "**Audit and Risk Management Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Directors' and Senior Management's Liability Insurance and Indemnity

The Company has arranged appropriate liability insurance to indemnify the Group's Directors and senior management team for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Corporate Governance Report

Board Composition

The Board currently comprises five (5) executive Directors, namely Datuk Sia Kok Chin (chairman of the Board and chief executive officer), Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong and three (3) independent non-executive Directors, namely Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee.

During the FYE 2025 and up to the date of this annual report, the Board at all times met the requirements of the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. All the independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

BOARD DIVERSITY POLICY

Pursuant to the Rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy. The policy specifies that in designing of the composition of the Board, board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, culture, educational background, professional experience, knowledge and skills. The composition of the Board will be disclosed in the Corporate Governance Report every year and the Nomination Committee will supervise the implementation of this policy. The Nomination Committee will review the effectiveness of this policy, as appropriate, discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. To further enhance gender diversity, the Board and the Nomination Committee will stay vigilant in identifying a pipeline of potential successors to the Board. The Company constantly implements policies which encourage and attract qualified incumbents to take up senior managerial and Board roles.

At present, the Board comprises eight members which provide favourable support and protection to ensure the good functioning of the Board. Among them, there are three independent non-executive Directors, representing one third of the Board. At the same time, one member of the Board is female, representing a 7:1 ratio of male to female. As a result of review, the Nomination Committee considers that the Board Diversity Policy is effective and will continue to ensure that there is at least one female on the Board. As at 31 December 2025, the ratio of male to female among all employees of the Company (including senior management team) was 8:1.

Corporate Governance Report

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. At the same time, the Company will examine such objectives from time to time to review their appropriateness and effectiveness, and ensure the progress made towards achieving those objectives.

The five executive Directors, namely Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong are brothers. None of the other Directors has any relationship (including financial, business, family or other material or relevant relationship) with any other members of the Board.

Details on the biographies and experience of the Directors are set out on page 9 to page 14 of this annual report.

Diversity of the Board



The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

The Nomination Committee will continue to review the Board composition and diversity regularly to ensure that the Company has the right balance as the Company move forward. However, the Board appointment will continue to be made on the basis of merit and the potential contributions that selected candidates will offer to the Board.

Corporate Governance Report

Confirmation of Independence by the Independent Non-executive Directors

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. None of the independent non-executive Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive directors are invited to serve on the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. In regards to the code provision C.1.4 of the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, all Directors have agreed to disclose their commitments to the Company in a timely manner.

Mechanisms for ensuring independent views and input

The independent non-executive Directors of the Company duly attended the meetings of the Board of Directors and the Board Committees thereof, provided objective and independent advice on various matters discussed by the Board and the Board Committees played an active role in the decision-making of the Board. Directors could seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management team independently. Any Directors or any of their close associates who have material interest in the proposal raised during Board of Directors meeting must abstain from discussion and voting on such proposal.

The Board is committed in reviewing and assessing the mechanisms for ensuring independent views and input to the Board. The Board is satisfied that the independent views and input are available to the Board and will be reviewed annually.

Induction and Continuous Professional Development

Pursuant to code provision C.1 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Each newly appointed Director has been provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the FYE 2025, the Company organised a training in relation to the anti-money laundering and counter-terrorist compliance requirements for all Executive Directors, namely Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong.

All the Directors, namely Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Mr. Sia Kok Heong, Ms. Sai Shiow Yin, Mr. Puar Chin Jong and Mr. Chu Kheh Wee, have been updated with the latest developments regarding the Listing Rules, anti-corruption and other applicable regulatory requirement to ensure compliance and enhance their awareness of the ESG requirement. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

Chairman and Chief Executive Officer

Under the code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separated and performed by different individuals. There is deviation from the code provision C.2.1 of the Corporate Governance Code as the positions of chairman and chief executive officer are held by Datuk Sia Kok Chin who has managing our business since 2001. The Directors consider that vesting the roles of the chairman of the Board and the chief executive officer in Datuk Sia Kok Chin is beneficial to the management and business development of the Group and will provides strong and consistent leadership to the Group. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 19 February 2025. Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from 19 February 2025.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with Article 84(1) of the Company's article of association (the "**Articles**"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Datuk Sia Kok Chin, Datuk Sia Keng Leong and Ms. Sai Shiow Yin shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

The procedures and process of appointment, re-election and removal of directors are set out in the Company's Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring and make recommendations to the Board on the appointment, re-election, diversification and succession planning of Directors, in particular the chairman and the chief executive officer.

Board Meetings

The Company adopts the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Company with copies circulated to all Directors for information and records.

The Company has convened at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the Corporate Governance Code.

According to code provision C.2.7 of the Corporate Governance Code, the chairman of the Company has held a meeting with the independent non-executive directors without the presence of other directors.

Corporate Governance Report

Minutes of the board meetings and committee meetings are recorded with sufficient details on matters that were considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the board meetings are open for inspection by Directors.

During the year ended 31 December 2025, six (6) board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attendance/ number of meetings held
Datuk Sia Kok Chin	6/6
Datuk Sia Keng Leong	6/6
Mr. Sia Kok Chong	6/6
Mr. Sia Kok Seng	6/6
Mr. Sia Kok Heong	6/6
Ms. Sai Shiow Yin	6/6
Mr. Puar Chin Jong	6/6
Mr. Chu Kheh Wee	6/6

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The daily management, administration and operation of the Group are delegated to the senior management team. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management team.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management team, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEES

The Board has established three Board committees to strengthen its functions and corporate governance practices, namely, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee. The Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee perform their specific roles in accordance with their respective written terms of reference.

Corporate Governance Report

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three members, namely Ms. Sai Shiow Yin (Chairlady), Mr. Puar Chin Jong and Mr. Chu Kheh Wee, all of them are independent non-executive Directors. The primary duties of the Audit and Risk Management Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

During the FYE 2025, six (6) meetings of the Audit and Risk Management Committee were held and the attendance record of the Audit and Risk Management Committee members is set out in the table below:

Directors	Attendance/ number of meetings held
Ms. Sai Shiow Yin	6/6
Mr. Puar Chin Jong	6/6
Mr. Chu Kheh Wee	6/6

The Audit and Risk Management Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit and Risk Management Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed the interim and final results of the Company and its subsidiaries for the interim period and fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidential, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit and Risk Management Committee are available on the websites of the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Nomination Committee

The Nomination Committee currently comprises three members, namely Datuk Sia Kok Chin (Chairman), Ms. Sai Shiow Yin and Mr. Chu Kheh Wee, the majority of them are independent non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to make recommendation to the Board regarding candidates to fill vacancies on the Board and/or in the senior management team, and to assess the independence of the independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

Corporate Governance Report

During the year ended 31 December 2025, one (1) meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attendance/ number of meetings held
Datuk Sia Kok Chin	1/1
Ms. Sai Shiow Yin	1/1
Mr. Chu Kheh Wee	1/1

The Nomination Committee assessed the independence of independent non-executive Directors, considered the reappointment of the retiring Directors taking into account of their extensive experience, working profile and other experience, reviewed the time commitment required from the non-executive Director and fulfilled duties as required aforesaid.

The Board has adopted a Board diversity policy (the "**Policy**") in accordance with the requirements of the Listing Rules with effect from 29 March 2018 which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

Remuneration Committee

The Remuneration Committee comprises three members, namely Ms. Sai Shiow Yin (Chairlady), Mr Puar Chin Jong and Mr. Chu Kheh Wee, all of them are independent non-executive Directors. The primary duties of the Remuneration Committee are to recommend the Board on the Group's remuneration policy and structure for the Directors and senior management teams remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of the executive Directors and senior management team, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the FYE 2025, one (1) meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attendance/ number of meetings held
Ms. Sai Shiow Yin	1/1
Mr. Puar Chin Jong	1/1
Mr. Chu Kheh Wee	1/1

Corporate Governance Report

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management team of the Company, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management team and fulfilled duties as required aforesaid.

Details of the remuneration by band of the member of senior management team of the Company, whose biography is set out on page 14 of this annual report, for the FYE 2025 are set out as below.

Remuneration band	Number of individual
RM1 – RM150,000 per annum	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The senior management team has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with quarterly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statements by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 81 to page 85 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining an adequate risk management (including environmental, social and governance ("ESG") risk) and internal control systems to safeguard Shareholders' investments and Company's assets and with the support of the Audit and Risk Management Committee, reviewing the effectiveness of such systems on an annual basis. The Company has implemented various internal control and risk management policies, including Asset Depreciation Provision Management Policy, Inventory Management Policy and Financing and Guarantee Management Policy. The risk management and internal control policies are designed to help achieve business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The establishment of risk management and internal control systems is to provide reasonable, but not absolute, assurance against material misstatement of financial statements or loss of assets and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Corporate Governance Report

The Company has engaged external consultants to perform a review of the internal control and risk management systems of the Group. With the assistance of the external consultants, the Company is able to mitigate and undertake remedial measures to address the identified risks and such actions and measures are integrated in the day-to-day activities of the Group and their effectiveness is closely monitored. The internal audit, internal control and risk management systems and policies are reviewed by the Board on an ongoing basis in order to make it practical and effective in providing reasonable assurance in relation to the identification of business risks.

The Company has put in place a policy on handling and dissemination of inside information which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way to avoid placing any person in a privileged dealing position. The inside information policy also provides guidelines to employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory and listing rule disclosure requirements. The Company has appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

The Audit and Risk Management Committee assists the Board in the review, which covers operational, financial and compliance controls, internal audit and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the shareholders and the assets of the Group. The Board shall conduct an annual review of the effectiveness of the internal control system of the Group by, including but not limited to, considering a written report prepared by the external consultants to the Audit and Risk Management Committee covering the above aspects. The Board considers the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and budget. During the year ended 31 December 2025, a review of the effectiveness of the risk management (including ESG risk) and internal control systems has been conducted and the Company considers them effective and adequate.

AUDITOR'S REMUNERATION

For the FYE 2025, the Group had engaged the Group's external auditor, PricewaterhouseCoopers ("PwC"), to provide audit and non-audit services. Aggregate fees in respect of audit and non-audit services provided by PwC and other external auditors during the FYE 2025 were set out as follows:

Category of Services	RM'000
Audit services	
– PwC	853
– Others	40
Non-audit Services	
– PwC	96
– Others	8

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

During the year ended 31 December 2025, Ms. Tsang Wing Man ("**Ms Tsang**"), who serves as a manager of SWCS Corporate Services Group (Hong Kong) Limited, has served as the company secretary of the Company. Ms Tsang's primary contact person in the Company is Mr. Sam Chee Haw, the group operation finance controller. For the FYE 2025, Ms. Tsang has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONVENING OF GENERAL MEETING

The Board strives to maintain an on-going dialogue with the Shareholders of the Company. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meeting is monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The Company uses annual general meeting as one of the principal channels for communicating with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board.

At the annual general meeting, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors. The Chairman of the Board, chairmen of the respective Board Committees and the external auditor usually attend annual general meetings to communicate with and answer questions from the Shareholders.

During the FYE 2025, the Company held one general meeting. The attendance of individual Director at the aforesaid general meeting is set out in the table below.

Directors	Attendance/ number of meetings held
Executive Directors	
Datuk Sia Kok Chin	1/1
Datuk Sia Keng Leong	1/1
Mr. Sia Kok Chong	1/1
Mr. Sia Kok Seng	1/1
Mr. Sia Kok Heong	1/1
Independent non-executive directors	
Ms. Sai Shiow Yin	1/1
Mr. Puar Chin Jong	1/1
Mr. Chu Kheh Wee	1/1

All resolutions put to Shareholders at the general meeting was passed. The Company's branch share registrar in Hong Kong, Tricor Investor Services Limited was appointed as scrutineer to monitor and count the poll votes cast at the general meeting. The results of the voting by poll was published on the websites of the Company and the Stock Exchange.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions. The annual general meeting of the Company provides opportunity for shareholders to communicate directly with the Directors. The Chairman of the Company and the chairman of the Board Committees of the Company will attend the annual general meetings to answer shareholders' questions. The external auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Corporate Governance Report

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website at www.henghup.com where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Company is of the view that the implementation of the shareholders' communication policy is effective. In 2026, the Company will focus more on the demands of investors and analysts, pay close attention to important policies of the environmental protection and energy conservation industry and allow timely access by the public to sufficient business information and recent developments of the Company. The Company continues to enhance the communication and relationship with its investors. Inquiries from investors are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at shareholders' meetings, including the election of individual directors. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholders' meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to Article 58 of the Articles, any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

If a shareholder of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("**Proposal**"), he/she should lodge a written notice setting out the Proposal and his/her contact details at the principal place of business of the Company or the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited. The Proposal should include the biographical details of the proposed Director and a written notice signed by the proposed Director confirming his/her willingness to be elected, the accuracy and completeness of his/her biographical details.

Shareholders' inquiries

If you have any query in connection with your shareholdings, please write to or contact the Company's Hong Kong share registrar, Tricor Investor Services Limited, at:

17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

Investor Relations and Communications

The Company has set up a website at www.henghup.com as a channel to promote communication, publishing announcements, financial information and other relevant information of the Company. Shareholders are welcome to make enquiries directly to the Company at its principal place of business in Malaysia. The Company will deal with all enquiries in a timely and appropriate manner. The primary contacts of the Company are Datuk Sia Kok Chin and Mr. Sia Kok Heong (email: ir@henghup.com.my or tel: +603 7845 2292).

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the FYE 2025, there has been no changes in the Articles of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

This Environment, Social and Governance (the “**ESG**”) report (the “**Report**”) is the eighth ESG Report issued by Heng Hup Holdings Limited (“**Company**”) and its subsidiaries (“**the Group**” or “**We**”). It aims to report on the sustainability practices of the Group and highlighting the ESG initiatives and its impacts on the Group during 2025 and respond to material issues of concern to key stakeholders.

1.1 Reporting Standard and Boundary

The Report has been prepared in accordance with the principles of materiality, quantitative, balance and consistency as set out in Appendix C2 Environmental, Social and Governance Reporting Code (the “**Code**”) under the Listing Rules. The Report complies with the “comply or explain” provisions set out in the Code and describes the environmental and social impacts arising from the business and operating activities of the Group.

Unless specified otherwise, the scope of disclosure of the Report covers the trading of scrap ferrous metals, used batteries, waste paper, iron ore and other scraps in Malaysia of the Group. This Report covers the reporting period between 1 January 2025 and 31 December 2025 (the “**Reporting Period**”).

1.2 Reporting Principles

Materiality: The Group identified material issues related to the Group through a materiality assessment procedure and made relevant disclosures in the Report. Please refer to the chapter headed “Stakeholder Engagement” in the Report.

Quantitative: To comprehensively assess the ESG performance of the Group during the Reporting Period, the Group disclosed the applicable quantitative key performance indicators as set out in the Code, and explained the standards, methods, assumptions, and calculation tools adopted for such quantitative key performance indicators, including the source of key conversion factors.

Balance: This Report follows the principle of balance and objectively presents the Group’s ESG performance and management status during the Reporting Period.

Consistency: As far as is reasonably practicable, the Group has used consistent statistical methods for disclosure in preparing this Report to provide a meaningful comparison of our performance during the Reporting Period for all stakeholders. Changes to the methodologies will be presented and detailed in the corresponding chapters by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. GOVERNANCE STRUCTURE AND OVERSIGHT RESPONSIBILITIES



The Group embeds sustainable development principles into its corporate governance framework to uphold our commitment to sustainability. We have established an ESG governance structure, overseen by the Board of Directors (“**Board**”) to manage ESG-related matters. The Board is accountable for shaping the Group’s ESG management approach and strategy, including the processes for assessing, prioritizing, and addressing significant ESG-related issues and risks. Additionally, the Board monitors progress toward environmental targets and has evaluated advancements during the Reporting Period.

The Audit and Risk Management Committee supported the Board in its oversight responsibilities for the Group’s risk management and internal control functions by assessing and evaluating the effectiveness of the overall risk management and internal control systems, including ESG-related issues.

The working group, comprising members from various departments and the senior management team, is tasked with implementing, monitoring, and reporting on ESG issues. We are confident that the existing ESG governance structure effectively supports the Board in fulfilling its ESG governance duties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.1 Stakeholders Engagement

The Group recognizes the vital role of stakeholder engagement in achieving sustainable development. We highly value stakeholders' opinions and concerns, engaging with them through various channels and maintaining a robust communication framework to understand their suggestions and expectations. We acknowledge that stakeholder support is essential for corporate sustainability. By employing diverse communication methods, we foster interaction and idea exchange with both internal and external stakeholders, enabling us to improve business operations and develop sustainable strategies that benefit all parties.

Communication Channels with Stakeholders

Stakeholder group	Correspondence method
Shareholders and investors	Announcements via the Stock Exchange of Hong Kong Limited Financial reports Annual General Meetings One-on-one meetings or dialogue sessions with fund analysts/investors ESG meetings Senior management meetings Regular teleconferences
Business partners and suppliers	Regular meetings Site visits Communication platform Daily communication
Customers	Regular meetings Site visits Daily Operations
Industry Associations	Routine meetings of industry experts and doctors Project cooperation
Employees	One-on-one meetings Employee engagement programs and initiatives Employee handbook Internal and external training Work performance assessment Employee activities and team building Seminars
Regulatory bodies	Regular meetings Periodic reporting and/or updates to regulators Official document release Participate in training organised by relevant departments and associations
Community and Public	Involvement in community programs such as festive celebrations/donations Public engagement sessions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2 Materiality Assessment

The Group evaluated past ESG materiality assessment results and took into account the Code during the Reporting Period. The Board determined that the 11 identified material issues remain applicable for the Reporting Period. We will disclose in detail regarding identified material issues.

The following are the identified material issues and related sections.

Sector	Material issues	Related sections
Environmental	Energy Efficiency	3.3 Optimising Energy Use
	Environmental Compliance	3. Committed to Implementing Eco-friendly Operations
Social	Employment	4.1 Workforce Management
	Occupational Safety and Health	4.3 Occupational Health and Safety
	Diversity and Equal Opportunity	4.1 Workforce Management
	Local Community	5. Giving Back to The Community And Actively Fulfilling Social Responsibilities
Governance	Training and Education	4.2 Employee Learning and Growth
	Corporate Governance Code	2. Governance Structure And Oversight Responsibilities
	Anti-corruption	6.1 Integrity and Anti-Bribery Practices
	Whistleblowing Policy	6.1 Integrity and Anti-Bribery Practices
	Product and Service Responsibility	6.3 Delivering High-Standard Products and Services

3. COMMITTED TO IMPLEMENTING ECO-FRIENDLY OPERATIONS

The Group diligently upholds its corporate responsibilities, embraces sustainable development principles, and is dedicated to fostering a culture of green operations. In our daily activities, we implement diverse energy-saving and emission-reduction initiatives to minimize environmental and natural resource impacts, effectively balancing business growth with environmental stewardship.

We strictly adhere to laws and regulations related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, including the Environmental Quality Act 1974 of Malaysia.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.1 Efficient Utilisation of Fleet Vehicles

During the Reporting Period, the Group’s operational trucks generated air pollutants, primarily nitrogen oxides, sulphur oxides and particulate matter. We remain committed to promoting green transportation by continuously improving the management of our official truck fleet and actively working to reduce our carbon footprint. We aim to transition gradually to newer vehicles to further decrease air pollutants and greenhouse gas emissions. In 2025, we acquired 10 additional trucks. Overall, we conduct regular fleet maintenance and tire inspections to ensure optimal vehicle performance and efficiency, while also preventing engine idling to reduce operational carbon emissions.



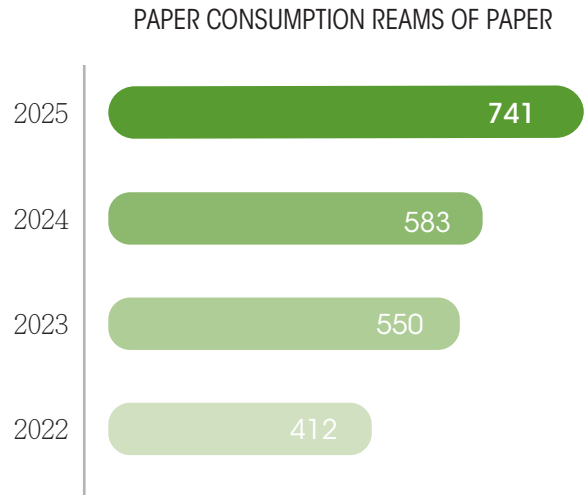
Air Emissions	2022	2023	2024	2025
Nitrogen Oxides (NO _x)(kg)	11,927.78	13,301.14	16,113.56	19,563.93
Sulphur Oxides (SO _x)(kg)	21.78	29.20	50.70	51.26
Particulate Matter (PM)	864.52	968.27	1,165.80	1,429.50

3.2 Responsible Handling of Waste Materials

During the Reporting Period, our non-hazardous waste mainly comprises office waste, such as general waste, paper, plastic, and metals. Since the use of materials other than paper is minimal, we track only paper consumption, as the quantities of other materials are negligible.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To reduce paper usage and promote an environmentally friendly office, we prioritize electronic communication technologies whenever possible. Employees are encouraged to reuse paper, print double-sided, and set computers and printers to default duplex and toner-saving modes. We use recycle bins to collect paper waste, such as discarded paper, posters, letters, and envelopes, with waste paper repurposed for note-taking. All non-confidential waste paper is sent to a recycling company. Electronic hand dryers have been installed to decrease paper towel use, and printers are set on timers or turned off during non-working hours. Since the successful transition of most processes and data to the enterprise resource planning (“ERP”) system in 2021, we expect further reductions in paper consumption, supporting our goal of contributing to a circular economy.



We persistently recycle waste in the hopes of making the best use of all resources. We utilize waste sorting bins or appropriate devices to recycle paper, metal, and plastic. Used batteries are collected in dedicated recycling bins. We collaborate with electronics companies to recycle old computers and other electronic waste. Used ink cartridges and toners are returned to vendors for recycling. We are committed to progressively enhancing our recycling and reuse initiatives across the Group. Given the nature of our business, we do not use packaging materials.

3.3 Optimising Energy Use

The Group actively works to lessen the environmental impact of its operations by implementing energy-saving measures to decrease its carbon footprint. Due to our business operations, energy consumption comprises electricity and diesel. Electricity is used in our office and scrap yard facilities, while diesel primarily fuels our trucks. We encourage staff to switch off unneeded lights in the office and utilize natural daylight as much as possible. The office is segmented into various lighting zones, each equipped with independently controllable switches to reduce electricity usage.

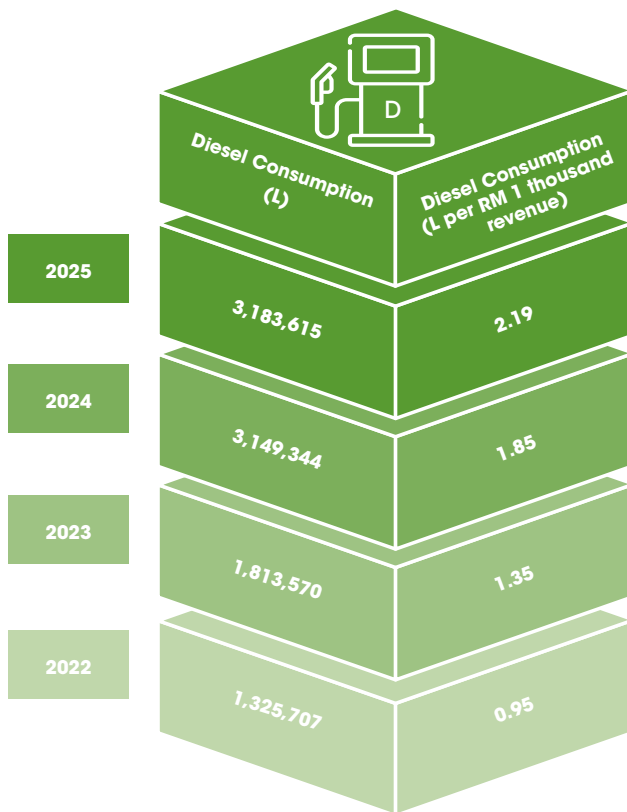
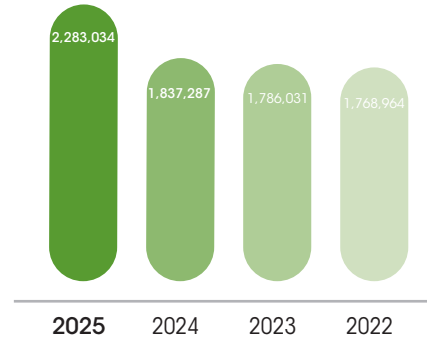
For our air conditioning system, we switch off the air conditioner when the office is unoccupied. We utilize variable speed drives and adjust pump and fan systems based on the air conditioner’s actual requirements. We employ water-cooled air conditioning systems for efficiency. To reduce air conditioning use, we permit employees to forgo ties and full suits during hot weather and allow casual attire on Fridays when no client meetings are scheduled.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

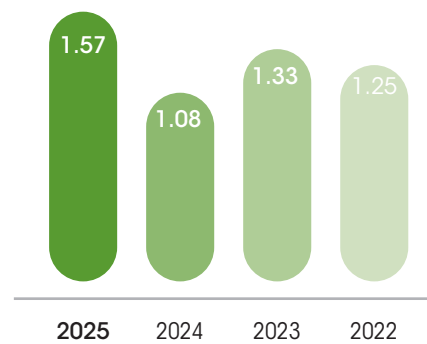
We have successfully implemented energy efficiency measures to actively support sustainable development. Computers are set to automatically enter standby or sleep mode when idle, and all electronic equipment is fully powered off during non-working hours. We ensure that appliances, such as the electric water boiler and microwave oven, are unplugged, particularly before holidays, with the office power turned off. Additionally, we have consolidated multiple servers into a single, higher-capacity server to reduce energy consumption and optimize office space.

We encourage participation in environmental activities organized by environmental groups to boost employees' environmental awareness. During the Reporting Period, our energy consumption was 2,283,034 kWh, with an energy consumption intensity of 1.57 kWh per RM 1 thousand revenue in revenue.

Electricity Consumption
(including indirect consumption)
(kWh)



Electricity Use Intensity
(kWh per RM 1 thousand revenue)

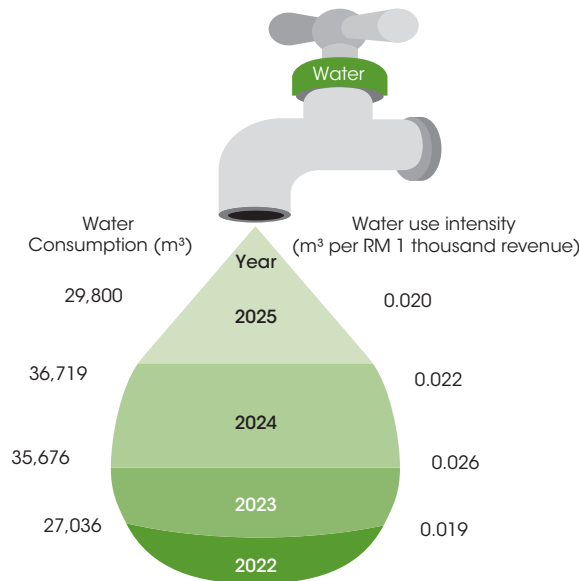


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4 Sustainable Water Management

During the Reporting Period, to prevent water wastage, the Group implemented several measures, including reducing water pressure to the minimum feasible level. We regularly perform tests for concealed water pipe leaks and inspect for overflowing water tanks. Additionally, we routinely monitor water meter readings and check for hidden leaks to continuously enhance water usage efficiency.

The Group will persist in applying various measures to conserve water and improve resource efficiency. Due to the nature of our business, our office water supply is primarily sourced from the municipal water system and managed by the Group, ensuring no challenges in water sourcing during the Reporting Period.



3.5 Addressing Climate-Related Challenges

The world is at a critical juncture in addressing climate change, prompting the Group to implement targeted measures at both operational and business levels to improve climate change management, enhance climate risk management capabilities, and advance the transition to a low-carbon economy. We proactively assess the economic opportunities and challenges posed by climate change and have developed a climate change management system aligned with the climate-related disclosure requirements in Part D of Appendix C2, encompassing governance, strategy, risk management, and metrics and targets, and disclose on a “Comply or Explain” basis. For information that remains reasonably unavailable or cannot be measured using reliable methods during the reporting period, the Group applies “Reasonable Information Relief” to ensure progressive enhancement of disclosures year by year. The overall disclosure level will be progressively elevated as data coverage and methodologies mature, ensuring that information is traceable, comparable, and subject to continuous improvement.

Governance

To effectively tackle the impacts and challenges of climate change, the Group incorporates climate risk management into its daily decision-making, operations, and management processes. Within the ESG governance framework, responsibilities for managing ESG and climate-related issues are progressively defined, with the Board holding full accountability for decision-making on these matters. Additionally, working group integrate climate change management into their routine activities and regularly report their efforts to the Board through established channels. Looking ahead, we plan to provide climate-related training for our directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy[^]

To gain a deeper understanding of climate change impacts on the Group’s operations, we conducted an analysis considering various climate-related risks, including policy and legal risks, reputational risks, market risks, and industry-specific environmental and geographical factors. We identified one physical climate risk and one transition climate risk, evaluating their impacts on the Group and assessing our current measures to mitigate these risks.

Risk Type		Time Range			
Short-term		Immediate and up to 5 years			
Medium-term		5 to 10 years			
Long-term		More than 10 years/Over 10 years			

Risk	Timeframe	Potential consequences*	Potential Financial Impact	Current response measures to mitigate risks	
Physical Risks	Acute Physical Climate Risks (i.e. river flood and landslide)	<ul style="list-style-type: none"> Short to long term 	<ul style="list-style-type: none"> Increased operating costs due to the repair of damaged facilities Supply chain disruptions and demand disruptions 	<ul style="list-style-type: none"> Increase operating cost 	<ul style="list-style-type: none"> Develop disaster response measures Provide disaster response training and escape drills to employees Avoid supply chain disruptions due to extreme weather by optimizing logistics
	Chronic Physical climate risks (i.e., extreme hot weather)	<ul style="list-style-type: none"> Medium to long term 	<ul style="list-style-type: none"> Extreme hot weather increases the risk of heatstroke for employees working in site, thereby raising the likelihood of workplace injuries 	<ul style="list-style-type: none"> Increase operating cost 	<ul style="list-style-type: none"> Employees are required to cease all outdoor work if the temperature reaches excessive levels
Transition risk	Legal and Policy Risks	<ul style="list-style-type: none"> Medium to long term 	<ul style="list-style-type: none"> With the improvement and implementation of management measures in climate change such as National Policy on Climate Change in Malaysia and Green Technology Master Plan Malaysia 	<ul style="list-style-type: none"> Increased administrative/operating costs 	<ul style="list-style-type: none"> Seeking compliance advisory services to mitigate legal and policy risks

* None of the above risks has had a significant impact on the Group’s asset value, and such risks are anticipated. In the future, we will gradually improve the methodologies and data foundation for climate-related scenario analysis by integrating capacity building and resource allocation, so as to enhance the comparability and decision-making relevance of the assessments.

[^] At present, the relevant information regarding climate-related opportunities is not yet suitable for public disclosure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk management

We place high importance on the potential impacts of climate-related risks and opportunities, closely monitor the effects of climate change on our operations, and have established systematic processes for their identification, assessment, prioritization, and monitoring. Annually, we review key climate-related issues through internal discussions, and expert consultations. The Group prioritizes these risks and opportunities and implements tailored response measures accordingly.

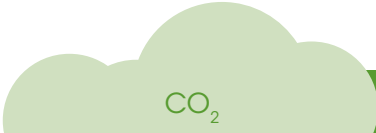
To mitigate potential adverse effects on our business, we are progressively refining our risk management framework and enhancing our management practices – such as reducing energy-related emissions – to minimize GHG emissions. In alignment with our operations, we identify specific impacts like severe weather, develop emergency response measures, and leverage meteorological information systems to monitor and forecast conditions in a timely manner, aiming to mitigate risks and losses from extreme weather events.

Metrics and targets

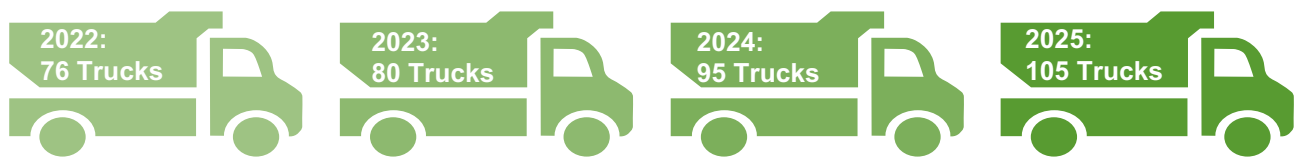
To reduce greenhouse gas emissions from our operations, we adopt various energy-saving and low-carbon initiatives in line with the shift toward a low-carbon economy. The Group's greenhouse gas emissions mainly arise from diesel used in trucks and machinery (Scope 1) and purchased electricity (Scope 2). At present, we have initiated preliminary data collection efforts with the relevant departments involved to identify the Scope 3 categories that are material to the Group's business, with a view to disclosure in the future. For details on our emission targets, refer to the "3.6 Environment Targets" chapter.

To minimize greenhouse gas emissions, we reduce electricity consumption and enhance the management of our official truck fleet. We utilize video conferencing to replace non-essential overseas business trips and opt for direct flights when travel is unavoidable. Additionally, we encourage employees to share transportation to lower emissions and promote green transportation practices. During the Reporting Period, we successfully implemented these energy-saving and emission-reduction measures. The Group does not apply internal carbon price in its decision-making, nor has it incorporated climate-related considerations into its remuneration policies. Moving forward, we will continue to pursue energy conservation and emission reduction to address the challenges of global climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Greenhouse Gas Emissions ¹				
Emissions	2022	2023	2024	2025
Total emissions (tonnes of CO ₂)	4,917.66	5,727.76	9,683.85	10,125.57
Scope 1 – Direct emissions (trucks)	3,535.98	4,745.44	8,232.39	8,321.97
Scope 2 – Indirect emissions (electricity)	1,381.68	982.32	1,451.46	1,803.60
Intensity of CO ₂ emissions (CO ₂ per RM 1 thousand revenue)	0.0035	0.0043	0.0057	0.0070



¹ GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to "How to prepare an ESG Report - Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the Sustainability Report 2022 published by Tenaga Nasional.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.6 Environmental Objectives and Commitments

In 2023, the Group established environmental goals related to emissions, energy efficiency, water, and waste management. Additionally, the Group implemented several environmental protection measures. During the Reporting Period, the Board reviewed the progress of these environmental objectives. Moving forward, the Group will keep tracking its ESG goals to further decrease air pollutants and greenhouse gas emissions while optimizing energy and water resource use.

Scope of Objectives	Environmental Targets	Progress
Emission	The Group will continue to implement various measures to reduce greenhouse gas emission.	The emission has risen compared to last year. We will take relevant measures to reduce it. Please see the "3.5 Tackling Climate Change" chapter for more details.
Energy Use Efficiency	The Group will continue to implement various measures to reduce electricity consumption.	The electricity consumption has increased compared to last year. We will take relevant measures to reduce it. Please see the "3.3 Optimising Energy Use" chapter for more details.
Water	The Group will continue to implement various measures to reduce water consumption and save water.	The water consumption has decreased compared to last year. We will continue to implement relevant water-saving measures. Please see the "3.4 Sustainable Water Management" chapter for more details.
Wastes	The Group will continue to implement various measures to reduce nonhazardous waste in amount.	The waste consumption mainly refers to papers consumption. The paper consumption has risen compared to last year. We will take relevant measures to reduce it. Please see the "3.2 Responsible Handling of Waste Materials" chapter for more details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. CARING FOR EMPLOYEES AND CULTIVATING PROFESSIONAL TALENT

We are committed to fostering a corporate culture that prioritizes employees' personal and professional development, as well as creating a work environment conducive to leveraging their expertise. We firmly believe that employees are the cornerstone of sustainable business growth, and thus, we build a competitive, high-caliber team by standardizing recruitment, nurturing, and retaining exceptional talent. During the Reporting Period, we strictly adhere to various laws and regulations in Malaysia, including the Employment Act 1955, the Employment (Amendment) Act 2022, the Minimum Wages Order 2022, the Employment (Restriction) Act 1968, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969 and the Employment Insurance System Act 2017 of Malaysia. We have developed the Employee Handbook that outlines policies on compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and additional benefits and welfare.

4.1 Workforce Management

The Group strongly believes that a robust employee benefits and welfare program is essential for attracting and retaining talent. We provide our employees with a competitive remuneration and benefits package aligned with industry standards. Employee compensation includes base salaries, allowances, bonuses, and other benefits, determined based on their experience, qualifications, and prevailing market conditions. We perform annual reviews of our compensation system to ensure the Group remains competitive.

The Group is dedicated to eradicating all forms of discrimination and cultivating a fair, inclusive, and diverse workplace. The human resources department will promptly and thoroughly investigate any harassment complaints, taking appropriate corrective measures, including disciplinary action, when necessary. We are focused on enhancing employee performance and fostering a collaborative environment where staff can work toward shared objectives. Recruitment and promotion processes are equitable and accessible to all employees, irrespective of age, gender, physical or mental health, marital or family status, race, color, nationality, religion, political beliefs, or sexual orientation. We prioritize internal promotions before considering external hires. For external recruitment, we utilize employee referrals, advertisements, and employment agencies to identify suitable candidates. If employees are found to have provided false statements, misrepresentations, fabricated information, significant omissions, or inaccurate details regarding their citizenship, work experience, health, marital status, or other aspects, we will implement disciplinary measures to ensure the accuracy of employee information.

The Group places significant emphasis on employee development. At its discretion, the Group may promote highly experienced and capable candidates, based on their proven ability to take on greater responsibilities and perform essential job functions, to higher-level positions as deemed appropriate. Employees may be reassigned to different roles based on their career growth and the Group's operational needs to maximize their talents. Annually, we evaluate and appraise employees based on their job performance, skills, and future role requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As at the end of the Reporting Period, the Group had a total of 380 employees who are all full-time employees.

Employment status of the Group in 2025²

	Number of employees	Proportion (%)
Total	380	100.00%
Number and proportion of employees by gender		
Male	308	81.05%
Female	72	18.95%
Number of employees by age		
Under 30 years old	114	30.00%
30 to 50 years old	226	59.47%
Above 50 years old	40	10.53%
Number of employees by region		
Malaysia	380	100.00%
Number of employees by ethnicity		
Malaysian	220	57.89%
Others	160	42.11%
Number of employees by hierarchy		
Senior management	8	2.11%
Middle management	372	97.89%
Number of new hire employees by gender		
Male	44	77.19%
Female	13	22.81%

² All statistics in relation to workforce of the Group are as of 31 December 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding the training of new employees, we prioritize their growth and embrace a philosophy of mutual development with our workforce. New hires are required to participate in an orientation program conducted by the human resources department upon joining the Group. This training includes an overview of the Group’s history, corporate objectives, and a detailed explanation of their job responsibilities. When an employee resigns, the human resources department head conducts an exit interview to understand their reasons for leaving. All payments owed to departing employees are processed after they return any Group-owned assets to the human resources department, ensuring fair compensation.

Employees Turnover Rate of the Group in 2025³

By Gender	Male	26.30%
	Female	15.28%
By Geographical region	Malaysia	24.21%
By Age	Below 30	32.46%
	30 to 50	23.01%
	Above 50	7.50%

The Group strictly prohibits any form of illegal, forced, or child labor. We have a zero-tolerance policy for child labor and verify candidates’ ages to ensure compliance. All job applicants undergo background checks, including identity and age verification. If an applicant is found to be underage or subject to forced labor, their application is suspended. Should any issues related to illegal, forced, or child labor arise, the Group will take immediate action. During the Reporting Period, no incidents of child labor or forced labor were reported.

The Group provides a competitive remuneration and benefits package aligned with industry standards, regularly reviewing our compensation and benefits programs to attract, motivate, and retain skilled employees while fostering a sense of belonging. Our compensation packages include base salaries and overtime pay (if applicable). Additionally, we offer annual leave, sick leave, hospitalization leave, maternity leave and allowance, paternity leave, marriage leave, bereavement leave, emergency leave, industrial accident leave, and other leave entitlements as required by relevant laws and regulations. Our benefits and allowances include dental and optical care, periodic medical examinations, discretionary bonuses, transportation subsidies, training reimbursement, accommodation reimbursement, study leave, annual subscriptions to professional associations, examination leave, and congratulatory and compassionate allowances.

³ The employee turnover rate is calculated as: the number of employees who left/the total number of employees in the category 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For both office and non-office staff, we have set guidelines for working hours. It is the responsibility of management to establish regular working hours to align with the Group's operational needs. Management retains the authority to modify, adjust, or change working hours based on business requirements and circumstances.

We are committed to fostering a vibrant and diverse corporate culture and provide employees with an in-house pantry equipped with microwave ovens, a refrigerator, a thermos water dispenser, filtered water, complimentary coffee, and snacks to enhance their satisfaction and well-being. Additionally, during the Reporting Period, we actively organized various activities to enrich employees' leisure time, encourage participation in extracurricular interests, and facilitate interaction among employees from different departments to strengthen cohesion and their sense of belonging to the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2 Employee Learning and Growth

The Group places great importance on employee development. We encourage employees to participate in prestigious departmental training programs and provide financial support. Additionally, we develop annual training programs and plans. We also promote participation in seminars and sharing sessions hosted by external organizations to enhance employees' expertise. Weekly internal training or briefings are provided for all production personnel. The Group has registered for the Human Resources Development Fund (HRDF), contributing a 1% levy on the monthly wages (including fixed allowances and basic salary) for each Malaysian employee. HRDF offers financial assistance through training grants for various programs tailored to the Group's needs. During the Reporting Period, we offered multiple training courses to employees to strengthen their skills, such as the following courses, aimed at cultivating high-caliber talent aligned with market demands:

Course Title	Course Content
Employee Disciplinary Management and Domestic Disciplinary Inquiry	The knowledge and practical skills to conduct domestic Inquiries effectively, thereby minimizing the risk of employers losing disciplinary cases in the Labour Court or Industrial Court.
People Management: Inspire, Lead and Develop	Essential people management skills to communicate clearly, lead situationally, delegate effectively, give impactful feedback, motivate teams, manage conflict, and build high-performing, engaged teams aligned with organizational goals.
Intensive Course: Strengthening Employers' Obligations and Employees' Rights	Practical understanding of employers' EPF obligations and employees' rights, covering compulsory contributions, compliance, problem resolution, and legal consequences through briefings, discussions, and interactive group activities.
Culture Fit and Competency Based Interviewing	A structured, evidence-based interviewing approach to evaluate candidates' culture fit and competencies, reduce bias, design effective questions, and conduct professional interviews that ensure better hiring decisions.
PwC's Online Academy	Multidisciplinary online training covering accounting updates, leadership, ESG, governance, risk management, digital skills, and professional development, equipping participants with future-ready competencies and compliance knowledge to support organizational performance.

Average Training Hours per Employee in 2025⁴

By Gender	Male	15.52
	Female	7.55
By Employee category	Senior Management Team	5.00
	Middle Management Team	13.97

Training & Development - Percentage of employees in 2025⁵

By Gender	Male	79.55%
	Female	91.67%
By Employee category	Senior Management Team	62.50%
	Middle Management Team	82.26%

⁴ The average training hours completed is calculated as: the total training hours completed/the total number of employees trained in the category.

⁵ The percentage of employees trained is calculated as: the number of employees trained in the category/the total number of employees in the category x 100%.

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4.3 Occupational Health and Safety

The Group consistently prioritizes employee safety and physical and mental well-being, striving to create a healthy, safe, and supportive workplace environment. We conduct thorough investigations in the event of any accidents, aiming to maintain a zero accident rate. During the Reporting Period, we strictly complied with Malaysia's Factories and Machinery Act 1967, Occupational Safety and Health Act 1994, and Prevention and Control of Infectious Diseases Act 1988. The Group has always placed significant emphasis on workplace safety.

We prohibit individuals who may pose a risk to the Group's operations from entering our premises to ensure employee safety. Management is tasked with establishing and maintaining a safe work environment, secure working systems, and ensuring that tools and equipment are in safe condition. We provide necessary guidance, training, and supervision to prevent workplace injuries. Employees engaged in hazardous tasks are supplied with appropriate protective equipment, such as safety glasses, goggles, and respirators, which are replaced only when worn out and upon return of the unserviceable items. Employees working at customer plants or factories must wear safety shoes to protect against sharp metallic particles and other hazardous materials. All employees are required to follow safety precautions posted in various work areas and near machines. The Group is dedicated to eliminating drug and alcohol use in the workplace to maintain a safe and productive environment. We take workplace safety on our premises seriously, and any employee violating safety regulations will face disciplinary action. Additionally, the Group has enforced a no-smoking policy across all areas to enhance indoor air quality.

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We conduct general safety induction for new employees and those assigned to new tasks, covering company safety regulations and emergency procedures to heighten safety awareness. Additionally, we offer specialized training on workplace hazards and self-protection measures, including first aid training. We have developed emergency protocols, such as contingency plans for fires or explosions, and regularly conduct rescue and fire drill exercises to strengthen fire safety awareness.

Employees' health and safety	Employees' death from work in 2025		
	2025	2024	2023
Number of employees who died at work	0	0	1 ⁶

5. GIVING BACK TO THE COMMUNITY AND ACTIVELY FULFILLING SOCIAL RESPONSIBILITIES

For years, we have driven corporate growth while embedding corporate social responsibility into our daily operations, recognizing community development as a key component of our social commitments. During the Reporting Period, the Group donated approximately RM173,000 in cash and in-kind contributions to various charitable organizations in Malaysia, with the majority supporting children, youth, and elderly causes, primarily for education and community programs and activities.

6. STEADY OPERATION TO PURSUE EXCELLENCE

6.1 Integrity and Anti-Bribery Practices

The Group is committed to the principles of integrity, honesty, and fairness, working diligently to prevent any instances of corruption, bribery, extortion, or fraud, in full compliance with the Malaysian Anti-Corruption Commission Act 2009. We have implemented a code of conduct that addresses conflicts of interest, confidentiality, anti-bribery, anti-corruption measures and equal opportunity, ensuring that all employees are well-versed in internal compliance obligations and actively promoting adherence to legal and regulatory standards across the organization.

We have implemented a whistleblowing policy that encourages reporting of any suspected or confirmed breaches of business conduct within the Group. The identity of whistleblowers is kept confidential, and reported incidents are thoroughly investigated, with penalties imposed on employees who violate anti-corruption policies. We promote a transparent and ethical corporate culture by requiring all employees to strictly adhere to the Group's policies and standards. Our philosophy is realized only when employees acknowledge their responsibility to treat everyone with honesty and fairness.

During the Reporting Period, there is no incident brought to the Board's attention. The Group has provided training to directors and employees on anti-bribery to enhance employees' awareness of anti-corruption and anti-bribery.

⁶ Accident happened at operation site. Heavy machinery lost the balance when a driver is reversing it on a downhill slope.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 Responsible and Sustainable Supply Chain Oversight

The Group recognizes sustainable supply chain management as essential for upholding high-quality service standards. To ensure uniformity in our supply chain processes, we have implemented procedures for selecting and evaluating suppliers. Prior to onboarding any supplier, we assess candidates based on factors such as pricing, reputation, performance history, adherence to local regulations, commitment to managing environmental and social risks, and professional expertise in their fields. This approach guarantees that all Group business units maintain consistent standards.

We regularly visit the operational sites of potential suppliers to evaluate their business operations, scrap metal sources, product quality, and logistics capabilities to ensure and uphold supplier quality. For complex or high-financial-risk engagements, we perform due diligence to verify their financial stability and records. Supplier evaluations are conducted on a regular basis. During the Reporting Period, we prioritized green procurement by purchasing printing paper, toilet paper, and paper towels made from recycled materials. Additionally, we follow a "buy first, use first" principle to prevent wastage due to expired or unused materials.

Acknowledging the environmental and social risks in the supply chain, management is dedicated to thoroughly assessing and evaluating potential suppliers' background information and clearly communicating our expectations for advancing environmental and social responsibility. The Group collaborates with multiple suppliers globally, offering a diverse range of products and services. We currently work with 202 key suppliers, mainly based in the Asia Pacific region. In the current fiscal year, the Group has not identified any significant adverse impacts from key suppliers related to business ethics, environmental protection, or labor practices.

6.3 Delivering High-Standard Products and Services

The Group's primary activity is sourcing recyclable scrap metals for sale to steel mills in Malaysia. As we do not manufacture or produce products, and the scrap metals are not sold or used by the general public, we acknowledge the potential for steel mills to raise concerns about the quality of our supplies. In the Reporting Period, no significant complaints have been received from steel mills, and we face no risk of product recalls.

The Group prioritizes intellectual property protection and has implemented policies and procedures to protect the privacy of the Group and its stakeholders. Unauthorized disclosure of personal data is strictly forbidden. To prevent data breaches, only designated Persons in Charge (PIC) are authorized to access the company database and its information. During the Reporting Period, the Group conducted information management training, which covered practical understanding of the Personal Data Protection (Amendment) Act 2024 requirements, DPO obligations, breach management, governance risks, and compliance strategies to mitigate legal exposure and ensure mandatory data protection compliance.

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Appendix I: Hong Kong Stock Exchange ESG Reporting Code Content Index

Indicator description	Relevant sections
A. Environmental Area	
A1: Emissions	
General Disclosure	3. Committed to Implementing Eco-friendly Operations Committed to Implementing Eco-friendly Operations
A1.1	3.1 Efficient Utilisation of Fleet Vehicles
A1.3	Since the hazardous waste data was not significant, the relevant data was not recorded.
A1.4	3.2 Responsible Handling of Waste Materials
A1.5	3.5 Addressing Climate-Related Challenges 3.6 Environmental Objectives and Commitments
A1.6	3.2 Responsible Handling of Waste Materials 3.6 Environmental Objectives and Commitments
A2: Use of Resources	
General Disclosure	3. Committed to Implementing Eco-friendly Operations Committed to Implementing Eco-friendly Operations
A2.1	3.3 Optimising Energy Use
A2.2	3.4 Sustainable Water Management
A2.3	3.3 Optimising Energy Use 3.6 Environmental Objectives and Commitments
A2.4	3.4 Sustainable Water Management 3.6 Environmental Objectives and Commitments
A2.5	The Group is primarily engaged in the trade of ferrous scrap metal, and its operations do not involve packaging materials.
A3: The Environment and Natural Resources	
General Disclosure	3. Committed to Implementing Eco-friendly Operations Committed to Implementing Eco-friendly Operations
A3.1	3. Committed to Implementing Eco-friendly Operations Committed to Implementing Eco-friendly Operations

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Indicator description	Relevant sections
B. Social Area	
B1: Employment	
General Disclosure	4. Caring For Employees And Cultivating Professional Talent 4.1 Workforce Management
B1.1	4.1 Workforce Management
B1.2	4.1 Workforce Management
B2: Health and Safety	
General Disclosure	4. Caring For Employees And Cultivating Professional Talent 4.3 Occupational Health and Safety
B2.1	4.3 Occupational Health and Safety
B2.2	4.3 Occupational Health and Safety
B2.3	4.3 Occupational Health and Safety
B3: Development and Training	
General Disclosure	4.2 Employee Learning and Growth
B3.1	4.2 Employee Learning and Growth
B3.2	4.2 Employee Learning and Growth
B4: Labour Standards	
General Disclosure	4. Caring For Employees And Cultivating Professional Talent
B4.1	4.1 Workforce Management
B4.2	4.1 Workforce Management
B5: Supply Chain Management	
General Disclosure	6.2 Responsible and Sustainable Supply Chain Oversight
B5.1	6.2 Responsible and Sustainable Supply Chain Oversight
B5.2	6.2 Responsible and Sustainable Supply Chain Oversight
B5.3	6.2 Responsible and Sustainable Supply Chain Oversight
B5.4	6.2 Responsible and Sustainable Supply Chain Oversight
B6: Product Responsibility	
General Disclosure	6.3 Delivering High-Standard Products and Services
B6.1	During the Reporting Period, the Group had no products sold or shipped that were subject to recalls for safety and health reasons.
B6.2	6.3 Delivering High-Standard Products and Services
B6.3	6.3 Delivering High-Standard Products and Services
B6.4	6.3 Delivering High-Standard Products and Services
B6.5	6.3 Delivering High-Standard Products and Services

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Indicator description	Relevant sections
B7: Anti-corruption	
General Disclosure	6.1 Integrity and Anti-Bribery Practices
B7.1	6.1 Integrity and Anti-Bribery Practices
B7.2	6.1 Integrity and Anti-Bribery Practices
B7.3	6.1 Integrity and Anti-Bribery Practices
B8: Community Investment	
General Disclosure	5. Giving Back to The Community And Actively Fulfilling Social Responsibilities
B8.1	5. Giving Back to The Community And Actively Fulfilling Social Responsibilities
B8.2	5. Giving Back to The Community And Actively Fulfilling Social Responsibilities
Part D: Climate-related Disclosures	
(I) Governance	3.5 Addressing Climate-Related Challenges
(II) Strategy	<p>20. Climate-related risks and opportunities</p> <p>21. Business model and value chain</p> <p>22-23. Strategy and decision-making</p> <p>24. Financial position, financial performance and cash flows</p>
	<p>3.5 Addressing Climate-Related Challenges</p> <p>Determination of the scope of the value chain: We have applied reasonable information relief, because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort to determine the scope of its value chain.</p> <p>3.5 Addressing Climate-Related Challenges</p> <p>3.5 Addressing Climate-Related Challenges</p> <p>Quantification of current and anticipated financial effects: We have applied Financial Effects Relief, as we believe that the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator description	Relevant sections
25. Anticipated financial effect	Preparation of disclosures on anticipated financial effects: We have applied the Reasonable Information Relief because we cannot determine an approach to climate related scenario analysis that enables the consideration of all reasonable and supportable information available to the Group at the reporting date without undue cost or effort.
26. Climate resilience	3.5 Addressing Climate-Related Challenges Use of climate-related scenario analysis: We have applied the Reasonable Information Relief because we cannot determine an approach to climate-related scenario analysis that enables the consideration of all reasonable and supportable information available to the Group at the reporting date without undue cost or effort.
(III) Risk Management	3.5 Addressing Climate-Related Challenges
(IV) Metrics and Targets	28-29. Greenhouse gas emissions 3.5 Addressing Climate-Related Challenges Measurement approach, inputs and assumptions for Scope 3 GHG emissions: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the Group select the measurement approach, inputs and assumptions it uses in measuring Scope 3 greenhouse gas emissions.
30. Climate-related transition risks	3.5 Addressing Climate-Related Challenges Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.
31. Climate-related physical risks	3.5 Addressing Climate-Related Challenges Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator description	Relevant sections
32. Climate-related opportunities	3.5 Addressing Climate-Related Challenges Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.
33. Capital deployment	3.5 Addressing Climate-Related Challenges The Group has identified climate-related risks and will further identify relevant data to optimize disclosure.
34. Internal carbon prices	3.5 Addressing Climate-Related Challenges The Group does not apply a carbon price in decision-making.
35. Remuneration	3.5 Addressing Climate-Related Challenges
36. Industry-based metrics	3.5 Addressing Climate-Related Challenges
37-40. Climate-related targets	3.5 Addressing Climate-Related Challenges
41. Applicability of cross-industry metrics and industry-based metrics	3.5 Addressing Climate-Related Challenges Calculation of metrics in particular cross-industry metric categories: We have applied the Reasonable Information Relief because we cannot use all reasonable and supportable information that is available to the Group at the reporting date without undue cost or effort.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the FYE 2025.

CORPORATE INFORMATION

Basic information about the Company is set out in the sections headed "Corporate Information" and "Company Profile" on page 2 to page 3 and page 7 to page 8 of this annual report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 April 2018. The Company's shares were listed on the Stock Exchange on 15 March 2019.

The activities and particulars of the Company's subsidiaries are shown under note 35 to the consolidated financial statements. An analysis of the Group's revenue and profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement" on page 6 and "Management Discussion and Analysis" from page 15 to page 20 in this annual report respectively. The financial risk management objectives and policies of the Group can also be found in note 3 to the consolidated financial statements. In addition, a discussion on relationships with its key stakeholders is included in the section headed "Environmental, Social and Governance Report" in this annual report. The review forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The consolidated results of the Group for the FYE 2025 are set out on page 86 of this annual report.

Directors' Report

DIVIDEND

The Company may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval. Our Board will review dividend policy from time to time in light of our results of operations, our cash flows, our financial condition, our Shareholders' interest, our capital requirements, the general business conditions and strategies, and other factors our Board may deem relevant in determining whether dividends are to be declared and paid. Any declaration and payment as well as the amounts of dividends will be subject to the articles of associate of association of the Company and Cayman Companies Law. No dividend shall be declared or paid except out of our distributable profit and funds that are lawfully available for distribution under the Cayman Companies Law.

The Board has decided not to recommend the payment of final dividend in respect of the FYE 2025 (2024: Nil).

FIVE YEARS FINANCIAL HIGHLIGHTS

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 4 to page 5 of this annual report. This summary does not form part of the audited consolidated financial statements.

DONATIONS

The Group contributed approximately RM173,000 in cash and in-kind donations during the year to various charity organisations in Malaysia and majority our donations went toward children, youth and elderly causes mainly for education and community programmes and activities.

MAJOR CUSTOMERS AND SUPPLIERS

For the FYE 2025, the Group's largest customer accounted for 34.3% (2024: 65.6%) of the Group's total revenue. The Group's five largest customers accounted for 86.7% (2024: 84.6%) of the Group's total revenue.

For the FYE 2025, the Group's largest supplier accounted for 3.9% (2024: 3.5%) of the Group's total cost of procurement. The Group's five largest suppliers accounted for 14.1% (2024: 14.6%) of the Group's total cost of procurement.

None of the Directors or any of their close associates (as defined under Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the FYE 2025 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the FYE 2025 are set out in note 21 to the consolidated financial statements.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's shares during the FYE 2025.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There were no provisions for pre-emptive rights under the Articles, which requires the Company to offer new Shares on a pro-rata basis to existing Shareholders. The Company is not aware of any tax relief or exemption available to any existing shareholder by reason of his/her holding of the securities of the Company.

DISTRIBUTABLE RESERVES

The Company has no distributable reserve for the FYE 2025.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2025 are set out in note 23 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the FYE 2025 and up to the date of this annual report were:

Executive Directors

Datuk Sia Kok Chin
Datuk Sia Keng Leong
Mr. Sia Kok Chong
Mr. Sia Kok Seng
Mr. Sia Kok Heong

Independent Non-executive Directors

Ms. Sai Shiow Yin
Mr. Puar Chin Jong
Mr. Chu Kheh Wee

Datuk Sia Kok Chin, Datuk Sia Keng Leong and Ms. Sai Shiow Yin shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT TEAM

Biographical details of the Directors and the senior management team of the Group as at the date of this annual report are set out on page 9 to page 14 in the section headed "Directors and Senior Management Team" in this annual report. Save as disclosed in this annual report, there are no other changes in the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this annual report.

EQUITY-LINKED AGREEMENTS

Save as the Share Option Scheme disclosed below, there were no equity-linked agreements entered into during the year or which subsisted at the end of the year.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of our shareholders passed on 19 February 2019. The condition of which has been fulfilled.

(1) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Directors' Report

(2) Eligible Participants

Under the Share Option Scheme, the Board may, at its discretion, make an offer to any person belonging to the following classes of participants (the "**Eligible Participants**") share options to subscribe for shares of the Company: (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of our Company, any subsidiary or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"); (ii) any non-executive director (including independent non-executive directors) of our Company, any subsidiary or any Invested Entity; (iii) any supplier of goods to any member of our Group or any Invested Entity; (iv) any customer of any member of our Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity; (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group, and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

(3) Maximum number of shares available for issue

The maximum number of shares of the Company available for issue upon exercise of all share options which may be granted under the Share Option Scheme is 100,000,000, representing approximately 10% of the issued share capital of the Company as at the date of this annual report.

(4) Maximum entitlement of each Participant under the Share Option Scheme

The total number of shares of the Company issued and which may fall to be issued upon the exercise of share options to be granted under the 100,000,000 and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding share options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting. Any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the shares of the Company issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant representing in aggregate over 0.1% of the shares of the Company in issue on the date of the grant; such further grant of options shall be subject to the issue of a circular by the Company and shareholders' approval in a general meeting on a poll at which the grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such options, and/or such other requirements prescribed under the Listing Rules from time to time. Any grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, is required to be approved by the Independent Non-executive Directors (excluding the Independent Non-executive Director who is the grantee of the options).

(5) The exercise period by the grantee under the share option scheme

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme.

(6) The vesting period granted under the share option scheme

The options shall be vested to the grantees in accordance with the vesting schedule, which shall comprise a minimum period of twelve (12) months.

(7) The amount payable on application or acceptance of the option and the period within which payments must be made

Each of the grantees is required to pay HK\$1.00 as a consideration for his acceptance of the grant of share options in accordance with the Share Option Scheme. The offer of share options must be accepted within 21 days from the date of the offer.

(8) The basis of determining the exercise price of options granted

The exercise price in relation to each share option will be determined by the Board at its absolute discretion and shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of share options; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options.

(9) The remaining life of the share option scheme

The Share Option Scheme shall be valid and effective for the period of ten years commencing on 19 February 2019, being the date on which the Share Option Scheme was conditionally, and ending on 19 February 2029 (both dates inclusive). As at the date of this annual report, the remaining life of the Share Option Scheme is 2 years and 11 months.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at 31 December 2025, there were no share option exercised, cancelled, lapsed or outstanding under the Share Option Scheme.

The number of options available for grant under the Share Option Scheme at the beginning and the end of the FYE 2025 was 100,000,000.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors were independent during the FYE 2025.

Directors' Report

DIRECTORS' SERVICE CONTRACT AND LETTER OF APPOINTMENTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 19 February 2025.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from 19 February 2025.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transaction, arrangement and contracts of significance in relation to the Group's business (including those to which the Company's subsidiaries, fellow subsidiaries of its parent company was a party) in which a director of the Company or an entity connected with a director had material interest, whether directly or indirectly, subsisted during the FYE 2025.

PERMITTED INDEMNITY

Pursuant to the Articles, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company. The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or subsisted during the FYE 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save for the exempt continuing connected transactions and the non-exempt continuing connected transactions, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which any Controlling Shareholder had a material interest subsisted during the FYE 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 380 (2024: 371) employees in Malaysia. For the year ended 31 December 2025, total staff costs and related expenses of the Group (including the Directors' remuneration) were RM32.4 million (2024: RM32.4 million). The increase in headcount during the financial year was primarily attributable to additional hires to support operational growth, alongside adjustments to executive directors' remuneration and general staff salaries and related expenditures.

The Group's remuneration policy encompasses basic salaries, allowances, bonuses and other employee benefits, which are determined based on the relevant employee's experience, qualifications and prevailing market conditions. The Board sets the emolument policy for employees based on merit, qualification and competence. The Group regularly provides training and development opportunities to its employees to enhance their skills and knowledge.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Our Directors and senior management team personnel receive remuneration in the form of fees, salaries and allowances, performance bonus, retirement benefit scheme contributions and other benefits. We determine the salaries of our Directors (including our independent non-executive Directors) and senior management team personnel based on their respective qualification, position and seniority. In addition to salaries, our Directors may receive performance bonuses.

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 9 and 30 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SERVICES UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Directors' Report

Long position in our Shares, underlying Shares and Debentures were as below:

Name of Director	Nature of interest	Number and class of Shares (Note 1)	Approximate percentage of shareholding
Datuk Sia Kok Chin	Interest in controlled corporation/interest held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Datuk Sia Keng Leong	Interest in controlled corporation/interest held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Chong	Interest in controlled corporation/interest held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Seng	Interest in controlled corporation/interest held jointly with another person/beneficial owner	681,680,000 (L)	68.17%
Mr. Sia Kok Heong	Interest in controlled corporation/interest held jointly with another person/beneficial owner	681,680,000 (L)	68.17%

Notes:

- (1) As at 31 December 2025, the total number of issued shares was 1,000,000,000 ordinary shares.
- (2) The letter "L" denotes the entity's long position in the Shares.
- (3) The Sia Brothers entered into a deed of acting in concert confirmation and undertaking dated 20 August 2018. As such, each of the Sia Brothers, being parties to the deed of acting in concert confirmation and undertaking, is deemed under the SFO to be interested in the 441,680,000 Shares collectively held through 5S Holdings BVI Limited ("5S Holdings") and the 48,000,000 Shares held by each of the other Sia Brothers. In other words, each of the Sia Brother is interested in the 681,680,000 Shares, among which 441,680,000 shares are held in the capacity as interest in a controlled corporation, 192,000,000 shares are held in the capacity as interests held jointly with another person and 48,000,000 shares are held in the capacity as beneficial owner.

Interests in associated corporation were as below:

Name of Director	Associated Corporation	Nature if interest	Number of Shares	Approximate percentage of shareholding interest
Datuk Sia Kok Chin	5S Holdings	Beneficial owner	7,000	35.00%
Datuk Sia Keng Leong	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Chong	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Seng	5S Holdings	Beneficial owner	3,250	16.25%
Mr. Sia Kok Heong	5S Holdings	Beneficial owner	3,250	16.25%

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the FYE 2025 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING

As at 31 December 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number and class of Shares (Ordinary shares)	Approximate percentage of shareholding (Note 1)
5S Holdings	Beneficial owner	441,680,000 (L)	44.17%
Ms. Koo Lee Ching	Interest of spouse	681,680,000 (L)	68.17%
Ms. Loh Hui Mei	Interest of spouse	681,680,000 (L) (Note 3)	68.17%
Ms. Peong Ai Teen	Interest of spouse	681,680,000 (L) (Note 4)	68.17%
Ms. Yang Mei Feng	Interest of spouse	681,680,000 (L) (Note 5)	68.17%
Ms. Juan Sook Fong	Interest of spouse	681,680,000 (L) (Note 6)	68.17%
		681,680,000 (L) (Note 7)	68.17%

Notes:

- (1) As at 31 December 2025, the total number of issued shares was 1,000,000,000 ordinary shares.
- (2) The letter "L" denotes the entity's long position in the Shares.
- (3) Ms. Koo Lee Ching is the spouse of Datuk Sia Kok Chin. As such, Ms. Koo Lee Ching is deemed under the SFO to be interested in the Shares in which Datuk Sia Kok Chin is interested.
- (4) Ms. Loh Hui Mei is the spouse of Datuk Sia Keng Leong. As such, Ms. Loh Hui Mei is deemed under the SFO to be interested in the Shares in which Datuk Sia Keng Leong is interested.
- (5) Ms. Peong Ai Teen is the spouse of Mr. Sia Kok Chong. As such, Ms. Peong Ai Teen is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Chong is interested.
- (6) Ms. Yang Mei Feng is the spouse of Mr. Sia Kok Seng. As such, Ms. Yang Mei Feng is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Seng is interested.
- (7) Ms. Juan Sook Fong is the spouse of Mr. Sia Kok Heong. As such, Ms. Juan Sook Fong is deemed under the SFO to be interested in the Shares in which Mr. Sia Kok Heong is interested.

Directors' Report

Save as disclosed above, and as at 31 December 2025, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

COMPLIANCE WITH NON-COMPETITION DEED

Each of the Controlling Shareholders, namely 5S Holdings, Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong, has executed a deed of non-competition on 19 February 2019 (the "**Deed of Non-competition**") pursuant to which they have irrevocably and unconditionally undertaken to the Company (for the Company itself and on behalf of the members of the Group) that, during the period that the Non-Competition Deed remains effective, he/it/she shall not, and shall procure that his/its/her close associates (other than any member of the Company) shall not, directly or indirectly, develop, acquire, participate in, hold any right or interest or invest in or engage in, render any services for or otherwise be involved in any business in competition with or likely to be in competition with the existing business activities of the Company in Malaysia or any other area in which the Company carries on business.

The Company shall seek opinion and decision from the independent non-executive Directors who are responsible for reviewing and determining whether to accept or decline such new business opportunity provided by Controlling Shareholders or its associates.

The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed "Relationship with Controlling Shareholders".

The Controlling Shareholders have provided written confirmations to the Company confirming that they had fully complied with the Deed of Non-Competition during the year ended 31 December 2025 and that they did not conduct or acquire any competing business with the Group during the year ended 31 December 2025. The independent non-executive Directors have reviewed the confirmations from the Controlling Shareholders and are satisfied that the Deed of Non-Competition was fully complied with by Controlling Shareholders during the year ended 31 December 2025, and no competing business was reported by the Controlling Shareholders throughout the year ended 31 December 2025.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

(a) Tenancy Agreement in Respect of the Tenancy of Part of the Melaka Scrapyard I by HH Hardware

On 12 October 2023, HH Hardware renewed its tenancy agreement (the "**2024-2025 HH Hardware Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, being our Directors, pursuant to which HH Hardware has agreed to rent PM 14, Lot 695, Mukim Cheng, Melaka, Malaysia, i.e. part of the Mekala Scrapyard 1, from Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, as our scrap ferrous metal scrapyard in Melaka, Malaysia for a fixed term commencing from 1 January 2024 and expiring on 31 December 2025. The monthly rent payable by HH Hardware is RM16,375.

The aggregate annual cap for the transactions contemplated under the 2024-2025 HH Hardware Tenancy Agreement for the two (2) years ending 31 December 2025 are listed below:

Annual caps for the year ending 31 December	
2024	2025
RM	RM
196,500	196,500

The total rental expenses incurred for the financial year ended 31 December 2025 was RM196,500 (2024: RM196,500).

On 29 December 2025, HH Hardware renewed its tenancy agreement (the "**2026-2027 HH Hardware Scrapyard I Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, being our Directors, pursuant to which HH Hardware has agreed to rent PM 14, Lot 695, Mukim Cheng, Melaka, Malaysia, i.e. part of the Mekala Scrapyard 1, from Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, as our scrap ferrous metal scrapyard in Melaka, Malaysia for a fixed term commencing from 1 January 2026 and expiring on 31 December 2027. The monthly rent payable by HH Hardware is RM17,685.

The aggregate annual cap for the transactions contemplated under the 2026-2027 HH Hardware Scrapyard I Tenancy Agreement for the two (2) years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December	
2026	2027
RM	RM
212,220	212,220

Directors' Report

Reasons for the transactions

Our Group had been using the properties at PM 14, Lot 695, Mukim Cheng, Melaka, Malaysia as part of our scrap ferrous metal scrapyards in the state of Melaka. Having considered that the rent is comparable to the prevailing market rent of comparable properties in the locality, and additional renovation and associated costs which we may incur if we move out of the properties under the 2026-2027 HH Hardware Scrapyard I Tenancy Agreement and relocate to another premises, our Directors consider that it is desirable and in the best interests of our Group and our Shareholders as a whole that our Group continues to use the properties under the 2026-2027 HH Hardware Scrapyard I Tenancy Agreement as part of our scrap ferrous metal scrapyards in the state of Melaka, Malaysia.

(b) Tenancy Agreement in Respect of the Tenancy of the Melaka Scrapyard II by HH Paper Melaka

On 12 October 2023, HH Paper Melaka renewed its tenancy agreement (the "**2024-2025 HH Paper Melaka Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, being our Directors, pursuant to which HH Paper Melaka has agreed to rent PN 20151, Lot 4862, Mukim Cheng, Melaka, Malaysia, i.e. part of the Mekala Scrapyard II, from Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, as our waste paper scrapyard in Melaka, Malaysia for a fixed term commencing from 1 January 2024 and expiring on 31 December 2025. The monthly rent payable by HH Paper Melaka is RM4,700.

The aggregate annual cap for the transactions contemplated under the 2024-2025 HH Paper Melaka Tenancy Agreement for the two years ending 31 December 2025 are listed below:

Annual caps for the year ending 31 December	
2024	2025
RM	RM
56,400	56,400

The total rental expenses incurred for the financial year ended 31 December 2025 was RM56,400 (2024: RM56,400).

On 29 December 2025, HH Paper Melaka renewed its tenancy agreement (the "**2026-2027 HH Paper Melaka Scrapyard II Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, being our Directors, pursuant to which HH Paper Melaka has agreed to rent PN 20151, Lot 4862, Mukim Cheng, Melaka, Malaysia, i.e. part of the Mekala Scrapyard II, from Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, as our waste paper scrapyard in Melaka, Malaysia for a fixed term commencing from 1 January 2026 and expiring on 31 December 2027. The monthly rent payable by HH Paper Melaka is RM5,076.

The aggregate annual cap for the transactions contemplated under the 2026-2027 HH Paper Melaka Scrapyard II Tenancy Agreement for the two years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December	
2026	2027
RM	RM
60,912	60,912

Reasons for the transactions

Our Group had been using the properties at PN 20151, Lot 4862, Mukim Cheng, Melaka, Malaysia as our wastepaper scrapyard in the state of Melaka. Having considered that the rent is comparable to the prevailing market rent of comparable properties in the locality, and additional renovation and associated costs which we may incur if we move out of the properties under the 2026-2027 HH Paper Melaka Scrapyard II Tenancy Agreement and relocate to another premises, our Directors consider that it is desirable and in the best interests of our Group and our Shareholders as a whole that our Group continues to use the properties under the 2026-2027 HH Paper Melaka Scrapyard II Tenancy Agreement as our waste paper scrapyard in the state of Melaka.

Directors' Report

(c) Tenancy Agreement in Respect of the Tenancy of Part of the Melaka Staff Accommodation I by HH Hardware

On 29 December 2025, HH Hardware entered into a tenancy agreement (the "**2026-2027 HH Hardware Staff Accommodation I Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong (collectively, the "**Landlords**"), who are Directors of the Company. Pursuant to the agreement, HH Hardware agreed to lease the property located at 61, Jalan M.11, Taman Merdeka, Batu Berendam, Melaka, Malaysia (being part of the Melaka staff accommodation I), from the Landlords for use as staff accommodation for a fixed term commencing from 1 January 2026 and expiring on 31 December 2027. The monthly rent payable by HH Hardware is RM1,450.

The aggregate annual cap for the transactions contemplated under the 2026-2027 HH Hardware Staff Accommodation I Tenancy Agreement for the two (2) years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December	
2026	2027
RM	RM
17,400	17,400

(d) Tenancy Agreement in Respect of the Tenancy of Part of the Melaka Staff Accommodation II by HH Hardware

On 29 December 2025, HH Hardware entered into a tenancy agreement (the "**2026-2027 HH Hardware Staff Accommodation II Tenancy Agreement**") with Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong (collectively, the "**Landlords**"), who are Directors of the Company. Pursuant to the agreement, HH Hardware agreed to lease the property located at 92, Jalan M.11, Taman Merdeka, Batu Berendam, Melaka, Malaysia (being part of the Melaka staff accommodation II), from the Landlords for use as staff accommodation for a fixed term commencing from 1 January 2026 and expiring on 31 December 2027. The monthly rent payable by HH Hardware is RM1,450.

The aggregate annual cap for the transactions contemplated under the 2026-2027 HH Hardware Staff Accommodation II Tenancy Agreement for the two (2) years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December	
2026	2027
RM	RM
17,400	17,400

As the counterparty to the 2024-2025 HH Hardware Tenancy Agreement, being Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, and the counterparty to the 2024-2025 HH Paper Melaka Tenancy Agreement, being Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng, Datuk Sia Kok Chin and Mr. Sia Kok Heong, are connected with each other, the transactions contemplated under the 2024-2025 HH Hardware Tenancy Agreement and the 2024-2025 HH Paper Melaka Tenancy Agreement are aggregated pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

As all the applicable percentage ratios (as defined in the Listing Rules) for the aggregate proposed annual cap for the transactions contemplated under the 2024-2025 HH Hardware Tenancy Agreement and the 2024-2025 HH Paper Melaka Tenancy Agreement are less than 5% and the aggregate proposed annual caps for each of the two years ended 31 December 2025 is less than HK\$3,000,000, the transactions contemplated under the 2024-2025 HH Hardware Tenancy Agreement and the 2024-2025 HH Paper Melaka Tenancy Agreement are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the continuing connected transactions of the Group as set out below are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(a) Master Purchase Agreement in Respect of the Purchase of Scrap Ferrous Metals, Used Batteries and Waste Paper from Lek Seng and Lek Seng Metal Sdn. Bhd.

Our Group has from time to time purchased scrap ferrous metals, used batteries and waste paper from Lek Seng and Lek Seng Metal Sdn. Bhd. in the ordinary and usual course of business and it is anticipated that our Group will continue to purchase scrap ferrous metals, used batteries and waste paper from Lek Seng and Lek Seng Metal Sdn. Bhd.

As of the date of this annual report, Lek Seng remains a partnership owned by Mr. Lim Lai Wah and Mr. Lim Swee Seng, who are cousins of the Sia Brothers. As the Sia Brothers are our executive Directors and Controlling Shareholders, Lek Seng is a deemed connected person of the Company pursuant to Rule 14A.21(1)(a) of the Listing Rules; and the transactions of our Group with each of them are aggregated pursuant to the Listing Rules 14A.81 and 14A.82 of the Listing Rules.

As of the date of this annual report, Lek Seng Metal Sdn. Bhd. remains a company 22.5% owned by Mr Lim Lai Wah, 22.5% owned by Mr. Lim Swee Seng and the remaining shares hold by three (3) sons of Mr. Lim Lai Wah, being Mr. Lim Wei Shyong (18.34%), Mr. Lim Wei Jeng (18.33%) and Mr. Lim Wei Sing (18.33%). As such, Lek Seng Metal Sdn Bhd is a deemed connected person of the Company pursuant to Rules 14A.21(1)(a) and (b) of the Listing Rules; and the transactions of our Group with each of them are aggregated pursuant to the Listing Rules 14A.81 and 14A.82 of the Listing Rules.

Directors' Report

On 30 October 2024, our Company entered into a new master purchase agreement (the "**2025 Lek Seng Master Purchase Agreement**") with Lek Seng and Lek Seng Metal Sdn. Bhd., pursuant to which our Company may, but is not obliged to, purchase scrap ferrous metals, used batteries and waste paper from Lek Seng and Lek Seng Metal Sdn. Bhd. for a fixed term for the three financial year ending 2025, 2026 and 2027, subject to the proposed annual caps set out below.

The aggregate annual caps for the transactions contemplated under 2025 Lek Seng Master Purchase Agreement for the three years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December		
2025	2026	2027
RM	RM	RM
60.0 million	66.0 million	72.6 million

The total value of sales to the Group pursuant to 2025 Lek Seng Master Purchase Agreement for the year ended 31 December 2025 was RM24.1 million (2024: RM53.2 million). The total value of sales to the Group was within the annual caps approved for the year ended 31 December 2025 was RM60.0 million (2024: RM55.0 million).

(b) Master Purchase Agreement in Respect of the Purchase of Scrap Ferrous Metals, Used Batteries and Waste Paper from Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd.

Our Group has from time to time purchased scrap ferrous metals, used batteries and waste paper from Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd. in the ordinary and usual course of business and it is anticipated that our Group will continue to purchase scrap ferrous metals, used batteries and waste paper from Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd.

Chye Seng Huat Trading is a sole proprietorship owned by Mr. Lim Ching Chan, who is a cousin of the Sia Brothers. By virtue of his relationship with the Sia Brothers who are the executive Directors and Controlling Shareholders of the Company, Mr. Lim Ching Chan is a deemed connected person of the Company pursuant to Rule 14A.21(1)(a) of the Listing Rules.

Chye Seng Huat Sdn. Bhd. is a company owned as to 50% by Mr. Lim Soon Lee being the son of the late Mr. Lim Tian Fow, being a cousin of the Sia Brothers. The remaining shares held by Mr. Lim Kim Sing (25%) and Mr. Lim Tuan Ann (25%). As such, the Company has treated Chye Seng Huat Sdn. Bhd. as a deemed connected person of the Company pursuant to Rules 14A.21(1)(a) and (b) of the Listing Rules.

Soon Lee Metal Sdn. Bhd. is a company owned by as to 50% by Mr. Lim Soon Lee being the son of the late Mr. Lim Tian Fow, being a cousin of the Sia Brothers. The remaining shares held by Mr. Lim Kim Sing (25%) and Mr. Lim Tuan Ann (25%). As such, the Company treated Soon Lee Metal Sdn. Bhd. as a deemed connected person of the Company pursuant to Rules 14A.21(1)(a) and (b) of the Listing Rules.

Shun Kuan Recycle Sdn. Bhd. is a company owned by as to 33.4% by Mr. Lim Soon Lee being the son of the late Mr. Lim Tian Fow, being a cousin of the Sia Brothers. The remaining shares held by Mr. Lim Kim Sing (33.3%) and Mr. Lim Tuan Ann (33.3%). As such, the Company treated Shun Kuan Recycle Sdn. Bhd. as a deemed connected person of the Company pursuant to Rules 14A.21(1)(a) and (b) of the Listing Rules.

As Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd. are connected with each other, the transactions of our Group with each of them are aggregated pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

On 30 October 2024, our Company entered into a new master purchase agreement (the "**2025 Chye Seng Huat Trading Master Purchase Agreement**") with Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd. pursuant to which our Company may, but is not obliged to, purchase scrap ferrous metals, used batteries and waste paper from Chye Seng Huat Trading, Chye Seng Huat Sdn. Bhd., Soon Lee Metal Sdn. Bhd. and Shun Kuan Recycle Sdn. Bhd. for a fixed term for the three financial year ending 2025, 2026 and 2027, subject to the proposed annual caps set out below.

The aggregate annual caps for the transactions contemplated under the 2025 Chye Seng Huat Trading Master Purchase Agreement for the three years ending 31 December 2027 are listed below:

Annual caps for the year ending 31 December		
2025	2026	2027
RM	RM	RM
55.0 million	65.0 million	70.0 million

The total value of sales to the Group pursuant to 2025 Chye Seng Huat Trading Master Purchase Agreement for the year ended 31 December 2025 was RM17.7 million (2024: RM26.9 million). The total value of sales to the Group was within the annual caps approved for the year ended 31 December 2025 was RM55.0 million (2024: RM60.0 million).

For details of the information with respect to the continuing connected transactions mentioned above, please refer to the disclosure as set out in the section headed "Connected Transactions" of the Prospectus and the announcement of the Company dated 7 March 2022 and 29 October 2024. The non-exempt continuing connected transactions in respect of the existing and new Master Purchase Agreements have been obtained independent shareholders' approval at the extraordinary general meeting of the Company held on 14 May 2022 and 19 December 2024.

Directors' Report

CONFIRMATION BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed each of the above mentioned continuing connected transactions and confirmed that:

1. the transactions stated in the section headed "–Exempt Continuing Connected Transactions" in this annual report have been generated during the Group's ordinary and usual course of business on normal commercial terms (or more favorable than normal commercial terms available for the Group), and that the terms of such transactions are fair and reasonable, and are in the interests of the Company and its shareholders as a whole; and
2. the transactions and annual caps/proposed annual caps stated in this section headed "–Non-exempt Continuing Connected Transactions" in this annual report have been generated during the Group's ordinary and usual course of business on normal commercial terms (or more favorable than normal commercial terms available for the Group), and that the terms of such transactions are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During FYE 2025, the aggregate amount of unsecured loans provided by the subsidiaries' non-controlling shareholders of the Company's subsidiaries to the Group was RM7,851,000, as it is conducted on normal commercial terms or better and the Group's assets were not secured and therefore were fully exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Saved as disclosed in pages 71 to 78 of this report and note 29(b) and (c) to the consolidated financial statements, the related party transactions disclosed in Note 29 to the consolidated financial statements do not constitute the connected transaction or continuing connected transaction of the Group. The Directors confirm that for connected transaction and continuing connected transaction, the Company has complied with disclosure requirements in accordance with Chapter 14A of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 33 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times as of the date of this report.

AUDITOR

The consolidated financial statements for the FYE 2025 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group. During the FYE 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of our business that only sorting, bundling and shredding are involved in our processing, our Group does not generally generate industrial pollutants and had not incurred any cost of compliance with applicable Malaysian environmental protection laws, rules and regulations. Our Group had no material non-compliance issue in respect of any applicable Malaysian environmental protection laws, rules and regulations. As advised by our Malaysian Legal Advisers, our Directors do not expect any environmental issue in relation to the scrapyards where our Group carries out processing. The Group will continue to commit to its social responsibilities and exert its advantages as an environmental protection enterprise and make consistent efforts to forage an environment with blue sky and white clouds.

Details of the environment, social responsibilities and governance of the Company are set out in the Environmental, Social and Governance Report on page 34 to page 58 of this annual report.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS FOR 2026 AGM

The register of members of the Company will be closed from Tuesday, 9 June 2026 to Saturday, 13 June 2026, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting to be held on Saturday, 13 June 2026 (the "**2026 AGM**"). In order to be eligible to attend and vote at the 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 pm on Monday, 8 June 2026.

On behalf of the Board

Datuk Sia Kok Chin

31 March 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Heng Hup Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Heng Hup Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 86 to 144, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to expected credit loss of trade receivables.

- Expected credit loss of trade receivables

Key Audit Matter

Expected credit loss of trade receivables

Refer to 2.8, 3.1(b)(ii), 4 and 18 to the consolidated financial statements.

As at 31 December 2025, the Group had trade receivables of RM154,856,000 which includes a provision of RM6,160,000.

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. Management applied significant judgement in performing assessment of expected credit losses for trade receivables which takes into account the proxy external default rating of the customers, past repayment or default histories and ongoing business relationship with them. The loss rates are then adjusted to reflect forward-looking information affecting the ability of the customers to settle the receivables.

We focused on this area due to the relative significance of trade receivables balance at the year-end date and the estimation of the expected credit loss involves significant judgement and estimate.

How our audit addressed the Key Audit Matter

Audit procedures performed over this key audit matter were as follows:

We understood and evaluated the management's internal controls and assessment process of expected credit losses of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

We performed retrospective review by evaluating the outcome of prior period assessment of expected credit losses of trade receivables to assess the effectiveness of management's estimation process.

We discussed with management to understand the significant judgement and assumptions used in calculating the expected credit losses of the trade receivables.

We assessed the appropriateness of the provision model and forward-looking information applied in the calculation of the expected credit losses, and held discussion with management to understand the factors they have considered.

We tested mathematical accuracy of the provision model used.

Based on our work performed, we considered that the provision made by management in relation to the expected credit losses of trade receivables were supportable by the available evidence.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Corporate Information, Five Years Financial Highlights, Chairman's Statement, Company Profile, Directors and Senior Management Team, Management Discussion and Analysis, Corporate Governance Report and Director's Report prior to the date of this auditor's report. The remaining other information, including Environmental, Social and Governance Report, is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit And Risk Management Committee (the "**Audit Committee**") and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT AND RISK MANAGEMENT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 consolidated 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 Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is CHAN, Kam Chiu, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RM'000	2024 RM'000
Revenue	5	1,455,434	1,706,659
Cost of sales	8	(1,332,365)	(1,580,695)
Gross profit		123,069	125,964
Other income	6	1,330	1,436
Other gains/(losses), net	7	74	(1,214)
Provision for loss allowance on trade receivables	18	(3,313)	(1,883)
Distribution and selling expenses	8	(69,016)	(55,306)
Administrative expenses	8	(31,611)	(31,112)
Operating profit		20,533	37,885
Finance income		1,550	445
Finance cost		(4,189)	(5,468)
Finance cost, net	10	(2,639)	(5,023)
Profit before income tax		17,894	32,862
Income tax expense	11	(7,008)	(11,320)
Profit and total comprehensive income for the year		10,886	21,542
Profit/(loss) and total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		14,581	25,464
Non-controlling interest		(3,695)	(3,922)
		10,886	21,542
Earnings per share attributable to owners of the Company for the year (expressed in sen per share)			
- Basic and diluted earnings per share	13	1.46	2.55

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RM'000	2024 RM'000
Assets			
Non-current assets			
Goodwill		964	964
Property, plant and equipment	14	41,250	38,499
Intangible asset	15	192	224
Investment properties	16	5,753	5,824
Deposits	18	21,707	19,834
Right-of-use assets	24	22,787	23,382
Deferred income tax assets	25	1,883	1,575
		94,536	90,302
Current Assets			
Inventories	17	57,899	56,028
Trade and other receivables	18	174,148	181,622
Current income tax recoverable		2,067	-
Pledged bank deposits	19	7,509	7,331
Cash and bank balances	20	49,649	45,063
		291,272	290,044
Total assets		385,808	380,346
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	21	5,206	5,206
Share premium		49,306	49,306
Capital reserve		29,487	29,487
Exchange translation reserve		1	1
Other reserve		(475)	(325)
Retained earnings		169,343	154,762
		252,868	238,437
Non-controlling interest		(7,329)	(3,784)
Total Equity		245,539	234,653

Consolidated Statement of Financial Position (Continued)

As at 31 December 2025

	Notes	2025 RM'000	2024 RM'000
Non-current liabilities			
Borrowings	23	13,815	16,743
Lease liabilities	24	2,314	2,766
Deferred income tax liabilities	25	1,083	884
		17,212	20,393
Current Liabilities			
Trade and other payables	22	48,066	60,391
Current income tax liabilities		-	2,923
Borrowings	23	72,998	60,182
Lease liabilities	24	1,993	1,804
		123,057	125,300
Total liabilities		140,269	145,693
Total equity and liabilities		385,808	380,346

The consolidated financial statements on pages 86 to 144 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Datuk Sia Kok Chin
Director

Mr. Sia Kok Seng
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2025

	Attributable to owners of the Company								Total equity RM'000
	Share capital (Note 21) RM'000	Share premium RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	
	As at 31 December 2023 and 1 January 2024	5,206	49,306	29,487	-	-	129,298	213,297	
Net profit and total comprehensive income/(loss) for the year, net of tax	-	-	-	1	-	25,464	25,465	(3,922)	21,543
Transactions with owners in their capacity as owners of the Company:									
Transaction with non-controlling interest (Note 35)	-	-	-	-	(325)	-	(325)	325	-
Issuance of ordinary shares to a non-controlling shareholder of a subsidiary (Note 35)	-	-	-	-	-	-	-	520	520
As at 31 December 2024 and 1 January 2025	5,206	49,306	29,487	1	(325)	154,762	238,437	(3,784)	234,653
Net profit and total comprehensive income/(loss) for the year, net of tax	-	-	-	-	-	14,581	14,581	(3,695)	10,886
Transactions with owners in their capacity as owners of the Company:									
Transaction with non-controlling interest (Note 35)	-	-	-	-	(150)	-	(150)	150	-
As at 31 December 2025	5,206	49,306	29,487	1	(475)	169,343	252,868	(7,329)	245,539

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 31 December 2025

	Notes	2025 RM'000	2024 RM'000
Cash flow from operating activities			
Cash generated from operations	32	27,138	73,096
Tax paid		(12,107)	(5,711)
Net cash generated from operating activities		15,031	67,385
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(8,301)	(9,985)
Purchases of intangible asset	15	(25)	-
Payment for deposits for acquisition of land		(2,555)	(2,198)
Proceeds from disposal of property, plant and equipment	32	479	308
Interests received		1,550	445
Placement of pledged bank deposits		(178)	(1,770)
Net cash used in investing activities		(9,030)	(13,200)
Cash flows from financing activities			
Interests paid		(4,113)	(4,927)
Drawdown of borrowings		10,809	1,500
Repayments of borrowings		(5,573)	(25,124)
Principal elements of lease payments		(2,198)	(1,982)
Loans from subsidiaries' non-controlling shareholders		(262)	1,844
Net cash used in financing activities		(1,337)	(28,689)
Net increase in cash and cash equivalents		4,664	25,496
Effect of foreign exchange rate changes		(78)	(158)
Cash and cash equivalent at the beginning of year		45,063	19,725
Cash and cash equivalents at the end of year	20	49,649	45,063

The above consolidated statement of cash flows should be read in conjunction with accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Heng Hup Holdings Limited (the “**Company**”) was incorporated on 12 April 2018 as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in trading of scrap ferrous metals, used batteries, waste paper, iron ore, other scraps and provision for logistic services in Malaysia.

The Company’s ultimate holding company is 5S Holdings (BVI) Limited. The ultimate controlling parties of the Group are Datuk Sia Kok Chin, Datuk Sia Keng Leong, Mr. Sia Kok Chong, Mr. Sia Kok Seng and Mr. Sia Kok Heong.

These consolidated financial statements are presented in Malaysian Ringgit (“**RM**”) unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.1 Basis of preparation** (Continued)**(a) Amended standards adopted by the Group**

The Group had applied the following amended standards which are mandatory effective for annual period beginning on 1 January 2025 for the preparation of the Group's consolidated financial statements:

IAS 21 and IFRS 1 (Amendments) Lack of Exchangeability

The application of the amended standards in the current period did not have any material impact to the Group's financial positions and performance for the current and prior period, nor on the disclosures set out in this consolidated financial statements.

(b) New and amended standards and interpretation not yet adopted by the Group

A number of new and amended standards and interpretations have been issued but not effective for annual periods beginning on or after 1 January 2026 and have not been early adopted by the Group in preparing this consolidated financial statements:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvement to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to IFRS 19	Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to IFRS 10 and IAS 28	Sales or contribution of Assets between an investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretation as and when they become effective. Further information about those IFRSs that are expected to be applicable to the Group is described below.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)***2.1 Basis of preparation** *(Continued)***(b) New and amended standards and interpretation not yet adopted by the Group**
(Continued)

IFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from profit or loss to operating profit or loss and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the adoption of IFRS 18 is unlikely to have a significant impact on the Group's results of operations and financial position.

The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new and amended standards to existing IFRS.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity 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 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 shareholders 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 a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in RM, which is the Company's functional and the Group's presentation currency.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.3 Foreign currency translation** (Continued)**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group 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 the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated lives, as follows:

Plant and machinery	10% – 20%
Office furniture and equipment	10% – 40%
Motor vehicles	20%
Fixtures and fittings	10%
Buildings	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other losses, net' in the consolidated statement of comprehensive income.

Construction in progress ("**CIP**") represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. CIP comprises capitalised professional and consultancy fees, stamp duties and other applicable levies. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount 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 (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial assets

2.6.1 Classification

The Group classifies its financial assets under the amortised cost category. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.6.2 Recognition and 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, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

2.6.3 Debt instruments measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.8 Impairment of financial assets**

For trade receivables, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. Management applied significant judgement in performing assessment of expected credit losses for trade receivables which takes into account the proxy external default rating of the customers, past repayment or default history and ongoing business relationship with them. The loss rate are then adjusted to reflect forward-looking information affecting the ability of the customers to settle the receivables. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, included within 'Provision for loss allowance on trade receivables' in the consolidated statement of comprehensive income.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (i) Cost of trading goods and raw materials are determined using the weighted average basis. The cost of purchase of inventories comprises the purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.
- (ii) Cost of finished goods included cost of direct materials and labour, other direct costs and a proportion of production overheads based on normal operating capacity. These costs are assigned on a standard cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.6.2 for further information about the Group's accounting for trade receivables and Note 2.8 for the description of the impairment policies.

2.11 Cash and cash equivalents

For the purpose of the consolidated statement 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, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the consolidated statement of cash flows.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)***2.13 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to equity 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 period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used 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.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.16 Current and deferred income tax**

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred income tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits

(a) Defined contribution plans

For defined contribution plans, the Group pays contributions to Employees Provident Fund, a federal statutory body under the purview of the Ministry of Finance, Malaysia, on a mandatory, contractual or voluntary basis. The monthly contributions are determined based on the rates set out in the third schedule of the Employees Provident Fund Act 1991, Malaysia. No forfeited contributions may be used to reduce the existing level of contributions.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Bonus plan

The Group recognises a provision for bonus when contractually obligated or when there is a past practice that have created a constructive obligation.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)***2.18 Revenue recognition**

Revenue generated from trading of recycling materials is recognised when or as the control of the goods is transferred to the customers, being when the goods are delivered to the customers.

Logistics services income is recognised when the services is provided to the customers, being when the deliveries are completed.

A receivable is recognised when the goods are delivered 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.

2.19 Leases**(a) As the 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).

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.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Leases (Continued)

(a) As the lessee (Continued)

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.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**2.19 Leases** (Continued)**(a) As the lessee** (Continued)**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 incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee 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 assets 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 consolidated statement of financial position. Interest expense on the lease liability is presented within the finance cost in consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Leases (Continued)

(a) As the lessee (Continued)

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 small items of office furniture and equipment. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised as an expense in profit or loss.

(b) As the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated financial position based on their nature.

2.20 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's major financial instruments include trade and other receivables, pledged bank deposits, cash and cash equivalents, trade and other payables, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Foreign currency risk

The Group operates in Malaysia and the Group's transactions are mainly denominated in RM which is the functional and presentation currency for most of the Group's entities. Therefore, the Group is not exposed to significant foreign currency risk.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings excluding hire purchase and lease liabilities obtained at variable rates expose the Group to cash flow interest rate risk.

If the interest rate on borrowings excluding hire purchase and leases liabilities has increased/decreased by 100 basis points with all other variables held constant, pre-tax profit would have been approximately RM799,000 (2024: RM722,000) lower/higher for the FYE 2025.

If interest rates on hire purchase liabilities had been 100 basis points higher/lower with all variables held constant, pre-tax profit would have been approximately RM69,000 (2024: RM48,000) higher/lower for the FYE 2025, mainly as a result of a decrease/increase in the fair value of the hire purchase liabilities.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(b) Credit risk**

The credit risk of the Group mainly arises from cash and bank balances, pledged bank deposits and trade and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also takes into consideration all available, reasonable and supportable forward-looking information. The Group incorporates the following indicators in its assessment:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and/or
- actual or expected significant changes in the operating results and credit risks of the customers.

(i) Credit risk of cash and bank balances and pledged bank deposits

To manage this risk arising from cash and bank balances and pledged bank deposits, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss of cash and bank balances are close to zero.

(ii) Credit risk of trade receivables

The Group measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. Management applied significant judgement in performing assessment of expected credit losses for trade receivables which takes into account the proxy external default rating of the customers, past repayment or default histories and ongoing business relationship with them. The loss rates are then adjusted to reflect forward-looking information affecting the ability of the customers to settle the receivables. As at the FYE 2025, the Group has gross trade receivables balance of RM154,856,000 (2024: RM167,883,000) and the overall expected losses rate is 4.0% (2024: 1.7%). The provision for trade receivables as at 31 December 2025 is RM6,160,000 (2024: RM2,922,000).

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(b) Credit risk** (Continued)**(ii) Credit risk of trade receivables (Continued)**

The bad debt written off during the FYE 2025, amounted to RM nil (2024: RM28,000).

The Group has significant concentration of credit risk from customers for scrap ferrous metals such as steel mills and ferrous metal trading companies. As at 31 December 2025, 63% (2024: 66%) of its total trade receivables was due from the two largest trade receivables of the Group. As our Group is one of the few approved scraps metal providers to the steel mill customers and based on the past repayment history and forward-looking estimates, the Board believe that the credit risk inherent in the Group's outstanding trade receivables from this group of customers is low.

See Note 18 to the consolidated financial statements for the movement for provision of loss allowance for trade receivables.

The Group monitors the outstanding debts from its customers individually due to the concentration of credit risk. Based on historical repayment trend, there is no correlation between the risk of default occurring and the collection past-due status as long as there is no significant change in the credit rating of the customers. Historically, the Group's loss arising from risk of default and time value of money is negligible.

(iii) Credit risk of other receivables

Other debt instruments at amortised cost include other receivables.

As at 31 December 2025 and 2024, all of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the years was limited to 12 months expected losses. Management considered other receivables from third parties to be low credit risk when they have a low risk of default and the issuer has sufficient capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the 12 months expected credit losses for these receivables are minimal, and thus, no loss allowance provision was recognised during the FYE 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)**3.1 Financial risk factors** (Continued)**(c) Liquidity risk**

Cash flow forecasting is performed by the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the Group's debt financing plans, covenant compliance, and if applicable external regulatory or legal requirements, such as currency restrictions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000
At 31 December 2025			
Non-derivative financial liabilities			
Borrowings ¹	73,957	11,204	5,286
Lease liabilities ¹	1,994	2,543	-
Trade and other payables ²	40,161	-	-
	116,112	13,747	5,286
At 31 December 2024			
Non-derivative financial liabilities			
Borrowings ¹	60,984	12,979	6,250
Lease liabilities ¹	1,973	2,898	-
Trade and other payables ²	52,259	-	-
	115,216	15,877	6,250

¹ The amounts include interest payable.

² Excluding non-financial assets/liabilities.

Notes to the Consolidated Financial Statements (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)**3.2 Capital management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior years.

The capital structure of the Group consists of debt, which includes borrowings and lease liabilities as disclosed in Note 23 and Note 24 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising capital and reserves.

The directors of the Company review the capital structure periodically. The directors of the Company also balance the overall capital structure through the payment of dividends and new share issues, if any. No changes were made in the objectives, policies or processes during the year ended 31 December 2025.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as total borrowings, including current and non-current borrowings and total lease liabilities, as shown in the Note 23 and Note 24 respectively to the consolidated financial statements.

The gearing ratios of the Group were as follows:

	2025 RM'000	2024 RM'000
Total borrowings (Note 23)	86,813	76,925
Total lease liabilities (Note 24)	4,307	4,570
	91,120	81,495
Total equity	245,539	234,653
Gearing ratio	37.1%	34.7%

Notes to the Consolidated Financial Statements (Continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of ECL allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

(b) Provision for impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on value-in-use calculations, taking into account latest market information and past experience. These calculations and valuations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable, (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business, and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

Notes to the Consolidated Financial Statements (Continued)

5 REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in trading of scrap ferrous metals, used batteries, waste paper, iron ore, other scraps and provision for logistics services.

The chief operating decision-makers are the executive directors and senior management led by the Group's chief executive officer. The executive directors and senior management regard the Group's business as a single operating segment and review the Group's internal reporting to assess performance and allocate resources. The Group uses a management approach for operating segment reporting.

The chief operating decision-makers assess the performance of the operating segment based on a measure of profit before income tax.

(a) Revenue breakdown

Revenue breakdown of the Group is as follows:

	2025 RM'000	2024 RM'000
Trading of recycling materials	1,437,458	1,694,790
Logistics services income	17,976	11,869
	1,455,434	1,706,659

All revenue is recognised at a point in time upon delivery.

(b) Revenue by location

During the FYE 2025 and 2024, the Group mainly traded in Malaysia and most of the revenue were generated in Malaysia.

(c) Non-current assets

As at 31 December 2025 and 2024, all non-current assets were located in Malaysia.

(d) Major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2025 RM'000	2024 RM'000
Customer 1	930,303	1,129,562
Customer 2	166,615	163,274

Notes to the Consolidated Financial Statements (Continued)

6 OTHER INCOME

	2025	2024
	RM'000	RM'000
Rental income (Note 16)	23	396
Compensation received	41	14
Handling fee	638	485
Others	628	541
	1,330	1,436

7 OTHER GAINS/LOSSES, NET

	2025	2024
	RM'000	RM'000
Other gains		
Gain on disposal of property, plant and equipment	253	289
Gain in remeasurement of right-of-use assets	25	6
Write-back of downpayment to suppliers	4	-
	282	295
Other losses		
Foreign exchange losses, net	(100)	(178)
Property, plant and equipment written-off (Note 14)	-	(1)
Write-off of bad debts	-	(28)
Write-off of downpayment to suppliers	(4)	(1,147)
Impairment of downpayment to suppliers	(104)	(155)
	(208)	(1,509)
Other gains/(losses), net	74	(1,214)

Notes to the Consolidated Financial Statements (Continued)

8 EXPENSES BY NATURE

	2025	2024
	RM'000	RM'000
Cost of trading goods sold (Note 17)	1,302,117	1,556,104
Employee benefit expenses (Note 9)	32,361	32,436
Depreciation expenses		
– property, plant and equipment (Note 14)	8,547	7,365
– right-of-use assets (Note 24)	2,530	2,344
– investment properties (Note 16)	71	71
Amortisation expenses		
– intangible asset (Note 15)	57	52
Auditors' remuneration		
– audit services	893	948
– non-audit services	104	132
Transportation costs	52,845	41,132
Lease expenses relating to		
– low value assets (Note 24)	527	556
– short-term leases (Note 24)	69	86
Insurance expenses	1,057	971
Legal and professional fees	726	1,072
Petrol and diesel expenses	1,766	2,259
Repair and maintenance expenses	7,844	7,412
Secretarial fees	212	225
Subcontractor labour charge	340	400
Utilities expenses	1,305	2,003
Impairment loss on property, plant and equipment	1,429	–
Other expenses	18,192	11,545
Total cost of sales, distribution and selling expenses and administrative expenses	1,432,992	1,667,113

9 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025	2024
	RM'000	RM'000
Directors' fees	663	663
Salaries, bonus and other allowance	28,322	28,656
Contribution to defined contribution plans	2,113	2,021
Other employee benefit	1,263	1,096
Employee benefit expenses (Note 8)	32,361	32,436

The five individuals whose emoluments were the highest in the Group for the year are five executive directors whose emoluments are reflected in the analysis shown in Note 30(a).

Notes to the Consolidated Financial Statements (Continued)

10 FINANCE COSTS, NET

	2025	2024
	RM'000	RM'000
Interest income from bank deposits	1,550	445
Interest expense on bank borrowings	(3,486)	(4,379)
Interest expense on hire purchase liabilities	(404)	(278)
Interest expense on lease liabilities	(215)	(262)
Interest expense on bank overdraft	(8)	(8)
Interest expense on loans from subsidiaries' non-controlling shareholders	(76)	(541)
Finance costs	(4,189)	(5,468)
Finance costs, net	(2,639)	(5,023)

11 INCOME TAX EXPENSE

Malaysian corporate income tax has been provided at the rate of 24% (2024: 24%) on the estimated assessable profit for the years ended 31 December 2025 and 2024:

	2025	2024
	RM'000	RM'000
Malaysian corporate income tax:		
– current	8,116	12,279
– over provision in prior year	(999)	(326)
Deferred income tax (Note 25)	7,117	11,953
	(109)	(633)
Income tax expense	7,008	11,320

Notes to the Consolidated Financial Statements (Continued)

11 INCOME TAX EXPENSE (Continued)

The reconciliations from the tax amount at the Malaysian corporate income tax rate of 24% (2024: 24%) and the Group's tax expense are as follows:

	2025 RM'000	2024 RM'000
Profit before tax	17,894	32,862
Tax at Malaysian corporate income tax rate	4,295	7,887
Tax effect of expenses not deductible for tax purpose	1,653	2,354
Deferred tax assets not recognised	1,537	2,532
Deferred tax adjustments in respect of prior financial years	522	(1,081)
Over provision in prior year	(999)	(326)
Income not subject to tax	-	(46)
Income tax expense for the year	7,008	11,320

No deferred tax assets have been recognised for the following temporary differences:

	2025 RM'000	2024 RM'000
Unutilised tax losses (Expiring not more than ten years)	3,606	2,151
Unabsorbed capital allowance	374	239
Provisions	89	142
Deferred tax assets not recognised	4,069	2,532

12 DIVIDENDS

At the forthcoming Annual General Meeting, no dividend to be declared for the FYE 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares issued during the respective financial year. Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares issued during the respective financial year adjusted for the dilutive effects of all potential ordinary shares.

	2025	2024
Profit for the year attributable to the owners of the Company (RM'000)	14,581	25,464
Number of shares:		
Weighted average number of shares issued	1,000,000,000	1,000,000,000
Basic and diluted earnings per share (expressed in sen)	1.46	2.55

As at 31 December 2025 and 2024, the Company had no outstanding potentially dilutive shares, hence there was no diluted earnings per share.

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Fixture and fittings RM'000	Construction in progress RM'000	Total RM'000
1 January 2024							
Cost	-	28,843	6,470	28,897	2,527	4,032	70,769
Accumulated depreciation	-	(15,366)	(3,439)	(19,223)	(913)	-	(38,941)
Net book amount	-	13,477	3,031	9,674	1,614	4,032	31,828
Year ended 31 December 2024							
Opening net book amount	-	13,477	3,031	9,674	1,614	4,032	31,828
Additions	-	5,087	637	6,197	425	311	12,657
Disposal	-	(14)	(2)	-	-	(3)	(19)
Written-off (Note 7)	-	-	(1)	-	-	-	(1)
Reclassification	4,088	529	(513)	-	-	(2,705)	1,399
Depreciation charges (Note 8)	(43)	(2,687)	(503)	(3,730)	(402)	-	(7,365)
Closing net book amount	4,045	16,392	2,649	12,141	1,637	1,635	38,499
As at 31 December 2024							
Cost	4,163	34,382	6,427	34,351	2,952	1,635	83,910
Accumulated depreciation	(118)	(17,990)	(3,778)	(22,210)	(1,315)	-	(45,411)
Net book amount	4,045	16,392	2,649	12,141	1,637	1,635	38,499

Notes to the Consolidated Financial Statements (Continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Fixture and fittings RM'000	Construction in progress RM'000	Total RM'000
1 January 2025							
Cost	4,163	34,382	6,427	34,351	2,952	1,635	83,910
Accumulated depreciation	(118)	(17,990)	(3,778)	(22,210)	(1,315)	-	(45,411)
Net book amount	4,045	16,392	2,649	12,141	1,637	1,635	38,499
Year ended 31 December 2025							
Opening net book amount	4,045	16,392	2,649	12,141	1,637	1,635	38,499
Additions	-	4,446	322	5,888	366	1,931	12,953
Disposal	-	(154)	(18)	(54)	-	-	(226)
Depreciation charges (Note 8)	(122)	(2,814)	(499)	(4,707)	(405)	-	(8,547)
Impairment	-	(1,429)	-	-	-	-	(1,429)
Closing net book amount	3,923	16,441	2,454	13,268	1,598	3,566	41,250
As at 31 December 2025							
Cost	4,163	38,154	6,731	39,788	3,318	3,566	95,720
Accumulated depreciation	(240)	(20,284)	(4,277)	(26,520)	(1,720)	-	(53,041)
Impairment	-	(1,429)	-	-	-	-	(1,429)
Net book amount	3,923	16,441	2,454	13,268	1,598	3,566	41,250

The Group has pledged certain property, plant and equipment to secure banking facilities granted to the Group during the FYE 2025 and 2024 (Note 26).

Notes to the Consolidated Financial Statements (Continued)

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense is charged in the consolidated statement of comprehensive income as follows:

	2025 RM'000	2024 RM'000
Cost of sales	3,244	3,078
Distribution and selling and administrative expenses	5,303	4,287
	8,547	7,365

Acquisitions of property, plant and equipment during the financial year were financed by:

	2025 RM'000	2024 RM'000
Payment by cash	8,301	9,985
Hire purchase liabilities	4,652	2,152
Non-cash transaction with a subsidiary's non-controlling shareholder	-	520
	12,953	12,657

Net book value of certain plant and machinery and motor vehicles which are under hire purchase arrangements are as follows:

	2025 RM'000	2024 RM'000
Cost	15,485	10,518
Accumulated depreciation	(5,613)	(3,606)
	9,872	6,912

The terms of the hire purchase arrangements are between 2 to 5 years (2024: 2 to 5 years).

15 INTANGIBLE ASSET

	2025 RM'000	2024 RM'000
Software:		
At 1 January	224	276
Additions	25	-
Amortisation	(57)	(52)
At 31 December	192	224

Notes to the Consolidated Financial Statements (Continued)

16 INVESTMENT PROPERTIES

	2025	2024
	RM'000	RM'000
Freehold lands		
At 1 January/31 December	3,345	3,345
Property investments - commercial		
At 1 January	2,479	2,550
Depreciation	(71)	(71)
At 31 December	5,753	5,824
Fair value	8,600	8,664

Notes:

- (i) The above "property investments - commercial", which are located in Malaysia are depreciated on a straight-line basis over the remaining useful lives. The remaining balance of carrying amount include freehold land held for appreciation.
- (ii) The Group has pledged certain investment properties to secure banking facilities granted to the Group during the year ended 31 December 2025 (Note 26).
- (iii) Rental income from these investment properties for the FYE 2025 amounted to RM22,800 (2024: RM396,000).
- (iv) Depreciation expense has been charged to administrative expenses.
- (v) The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of property been valued.

17 INVENTORIES

	2025	2024
	RM'000	RM'000
Trading goods	43,370	41,913
Raw materials	6,694	6,803
Finished goods	7,835	7,312
	57,899	56,028

During the FYE 2025, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,302,117,000 (2024: RM1,556,104,000).

Notes to the Consolidated Financial Statements (Continued)

18 TRADE AND OTHER RECEIVABLES

	2025	2024
	RM'000	RM'000
<u>Non-current</u>		
Deposits for acquisition of land (Note)	21,707	19,834
<u>Current</u>		
Trade receivables	154,856	167,883
Less: provision for loss allowance	(6,160)	(2,922)
	148,696	164,961
Downpayment to suppliers	17,591	9,679
Other receivables	1,526	631
Deposits and prepayments	6,238	6,253
Other tax receivables	97	98
	174,148	181,622
	195,855	201,456

Note: Deposits for acquisition of land:

The Group has entered into a series of sale and purchase agreements between March 2022 and December 2025 in relation to the proposed acquisition of eight (8) parcels of land in Malaysia (the "Acquisitions"), comprising vacant, industrial, freehold and leasehold lands, for an aggregate purchase consideration of approximately RM61.6 million. Refundable deposits have been paid by the Group in accordance with the terms of the respective agreements. Completion of the Acquisitions is subject to the fulfilment (or, where applicable, waiver) of the conditions precedent as set out in the respective agreements, including, where applicable, the obtaining of relevant regulatory approvals. As at the date of this report, none of the Acquisitions have been completed.

Notes to the Consolidated Financial Statements (Continued)

18 TRADE AND OTHER RECEIVABLES (Continued)

The Group generally grants credit terms ranging from 0 to 90 days to customers upon the approval of management according to the credit quality of individual customers. The aging analysis of the trade receivables based on invoice date were as follows:

	2025 RM'000	2024 RM'000
0 – 30 days	98,775	107,435
31 – 60 days	13,752	22,089
61 – 120 days	11,360	31,975
Over 120 days	30,969	6,384
	154,856	167,883

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2025 RM'000	2024 RM'000
- Ringgit Malaysia (RM)	154,118	167,070
- United States Dollar (USD)	738	813
	154,856	167,883

Notes to the Consolidated Financial Statements (Continued)

18 TRADE AND OTHER RECEIVABLES (Continued)

See Note 3.1(b)(ii) for the details of expected credit losses measurements.

Movement for provision of loss allowance on trade receivables is as follows:

	2025 RM'000	2024 RM'000
At 1 January	2,922	1,039
Provision for loss allowance	3,313	1,883
Currency exchange translation	(75)	-
At 31 December	6,160	2,922

The carrying amounts of the Group's other receivables are denominated in Ringgit Malaysia (RM).

19 PLEDGED BANK DEPOSITS

Pledged bank deposits represents deposits pledged to banks to secure general banking facilities granted to the Group (Note 26).

20 CASH AND BANK BALANCES

	2025 RM'000	2024 RM'000
Cash at bank and on hand	49,649	45,063

The carrying amounts of the Group's cash and bank balances are denominated in the following currencies:

	2025 RM'000	2024 RM'000
- Ringgit Malaysia (RM)	48,495	41,360
- United States Dollar (USD)	972	3,456
- Singapore Dollar (SGD)	146	211
- Hong Kong Dollar (HKD)	36	36
	49,649	45,063

Notes to the Consolidated Financial Statements (Continued)

21 SHARE CAPITAL

	2025 Number of shares in thousand	2025 Share capital RM'000	2024 Number of shares in thousand	2024 Share capital RM'000
Authorised:				
At beginning and end of the year	2,000,000	10,406	2,000,000	10,406
Issued:				
At beginning and end of the year	1,000,000	5,206	1,000,000	5,206

22 TRADE AND OTHER PAYABLES

	2025 RM'000	2024 RM'000
Trade payables	22,132	31,375
Accrued payroll liabilities	7,905	8,132
Loans from subsidiaries' non-controlling shareholders (Note)	7,851	8,037
Other payables and accruals	10,178	12,847
	48,066	60,391

Note: The loans from subsidiaries' non-controlling shareholders are unsecured, repayable on demand at mutually agreed interest rates.

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 RM'000	2024 RM'000
- Ringgit Malaysia (RM)	21,625	30,868
- United States Dollar (USD)	507	507
	22,132	31,375

The aging analysis of the trade payables based on invoice date is as follows:

	2025 RM'000	2024 RM'000
0 - 30 days	17,785	26,231
31 - 60 days	151	451
61 - 120 days	4,176	687
Over 120 days	20	4,006
	22,132	31,375

The carrying amounts of the trade and other payables approximate their fair values.

Notes to the Consolidated Financial Statements (Continued)

23 BORROWINGS

	2025 RM'000	2024 RM'000
Non-current		
Bank borrowings		
– Term loans (Note a)	10,701	13,801
Hire purchase liabilities (Note b)	3,114	2,942
	13,815	16,743
Current		
Bank borrowings		
– Term loans (Note a)	3,099	3,100
– Bankers acceptance facilities (Note c)	66,084	55,275
	69,183	58,375
Hire purchase liabilities (Note b)	3,815	1,807
	72,998	60,182
Total borrowings	86,813	76,925

All borrowings are denominated in Ringgit Malaysia (RM).

Certain bank borrowings were secured by property, plant and equipment, right-of-use assets, investment properties and pledged bank deposits of the Group as at 31 December 2025 and 2024 (Note 26).

As at 31 December 2025, the Group had aggregate banking facilities of approximately RM340,311,980 (2024: RM337,474,980). Unused facilities amounted to approximately RM241,950,902 (2024: RM256,168,662) as at 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

23 BORROWINGS (Continued)**(a) Term loans**

As at 31 December 2025 and 2024, the Group's term loans were repayable as follows:

	2025 RM'000	2024 RM'000
Within 1 year	3,099	3,100
Between 1 and 2 years	2,785	3,105
Between 2 and 5 years	3,387	5,140
Over 5 years	4,529	5,556
	10,701	13,801
	13,800	16,901

The effective interest rates of term loans at the reporting dates are as follows:

	2025 % (p.a)	2024 % (p.a)
Interest rates	4.45 - 6.64	4.70 - 6.89

The carrying amounts of the term loans approximate their fair values.

Term loans of the Group as mentioned above are subject to certain covenants. These covenants comprise financial covenants (financial ratios as debt/equity), limitation to dividend distribution and loan advances. Compliance with financial covenants is assessed to a quarterly, semi-annual or annual basis. The Group is in compliance with all covenants as at reporting date.

Notes to the Consolidated Financial Statements (Continued)

23 BORROWINGS (Continued)**(b) Hire purchase liabilities**

The Group has various items of plant and machinery and motor vehicles 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.

	2025 RM'000	2024 RM'000
Gross hire purchase liabilities		
- minimum lease payments		
Not later than 1 year	4,272	2,014
Later than 1 year and not later than 5 years	3,351	3,137
	7,623	5,151
Future finance charges on hire purchase	(694)	(402)
	6,929	4,749
Total present value of hire purchase is as follows:		
Not later than 1 year	3,815	1,807
Later than 1 year and not later than 5 years	3,114	2,942
	6,929	4,749

(c) Bankers acceptance facilities

Bankers acceptance facilities mature within 60 days.

Bankers acceptance facilities are utilised by the Group to finance sales and purchase of goods to selected customers and suppliers approved by the bank up to 100% (2024: 80%) of the documentary invoice values.

The effective interest rates of bankers acceptance loans at the reporting dates are as follows:

	2025 % (p.a)	2024 % (p.a)
Interest rates	3.08 - 4.09	4.40 - 4.66

The carrying amounts of the bankers acceptance facilities approximate their fair values.

Notes to the Consolidated Financial Statements (Continued)

24 LEASES

- (i) Amounts recognised in the consolidated statement of financial position:

	2025 RM'000	2024 RM'000
Right-of-use (ROU) assets		
Leasehold lands	22,195	22,645
Leasehold property	592	737
	22,787	23,382
Lease liabilities		
Non-current portion	2,314	2,766
Current portion	1,993	1,804
	4,307	4,570

- (ii) Movement of the carrying value of ROU assets:

	2025 RM'000	2024 RM'000
At 1 January	23,382	23,980
Additions to the ROU assets during the financial year	1,935	3,145
Depreciation charge	(2,530)	(2,344)
Reclassification of ROU assets to property, plant and equipment	-	(1,399)
As 31 December	22,787	23,382

Notes:

As at 31 December 2025 and 2024, certain leasehold lands were pledged to banks to secure the banking facilities granted to the Group (Note 26).

Notes to the Consolidated Financial Statements (Continued)

24 LEASES (Continued)

(iii) Amounts recognised in the consolidated statement of comprehensive income:

	2025 RM'000	2024 RM'000
Depreciation expense of ROU assets	2,530	2,344
Interest expense (Note 10)	215	262
Expenses relating to leases of low-value assets (included in distribution and selling expenses and administrative expenses)	527	556
Expenses relating to lease of short-term lease (including in cost of sales)	69	86

(iv) The Group leases vacant leasehold lands as the scrap yards. Lease contracts are typically made for fixed periods of 2 to 3 years (2024: 2 to 3 years) but may have extension options. The unexpired lease periods of the leasehold land of the Group which were included under right-of-use assets ranges from 24 to 79 years (2024: 25 to 80 years).

Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

25 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

	2025 RM'000	2024 RM'000
Deferred income tax assets	1,883	1,575
Deferred income tax liabilities	(1,083)	(884)
	800	691

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation RM'000	Provisions RM'000	Tax losses RM'000	Total RM'000
At 1 January 2024	(2,705)	2,540	223	58
(Charged)/credited to the consolidated statements of comprehensive income (Note 11)	(182)	475	340	633
At 31 December 2024	(2,887)	3,015	563	691
(Charged)/credited to the consolidated statements of comprehensive income (Note 11)	(78)	622	(435)	109
At 31 December 2025	(2,965)	3,637	128	800

Notes to the Consolidated Financial Statements (Continued)

26 PLEDGES OF ASSETS

As at 31 December 2025 and 2024, the Group had pledged the following assets to banks to secure certain bank borrowings and general banking facilities granted to the Group (Note 23):

	2025 RM'000	2024 RM'000
Property, plant and equipment	8,622	5,183
Right-of-use assets	18,429	18,723
Investment properties	5,204	5,262
Deposit for acquisition of land	17,636	17,636
Pledged bank deposits	7,509	7,331
	57,400	54,135

27 CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2025 RM'000	2024 RM'000
Property, plant and equipment and right-of-use assets	39,200	28,558

28 FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RM'000	2024 RM'000
Assets as per consolidated statements of financial position		
<u>Financial assets at amortised cost</u>		
Trade and other receivables ¹	174,511	187,937
Pledged bank deposits	7,509	7,331
Cash and bank balances	49,649	45,063
	231,669	240,331
Liabilities as per consolidated statements of financial position		
<u>Financial liabilities at amortised cost</u>		
Borrowings	86,813	76,925
Lease liabilities	4,307	4,570
Trade and other payables ¹	40,161	52,259
	131,281	133,754

1 Excluding non-financial assets/liabilities

Notes to the Consolidated Financial Statements (Continued)

29 RELATED PARTIES TRANSACTIONS

The Group is controlled by 5S Holdings (BVI) Limited which owns 68.17% of the Company's shares. The remaining 31.83% of shares are widely held. The ultimate controlling parties of the Group are the five directors of the Company namely, Datuk Sia Kok Chin, Datuk Sia Keng Leong, Sia Kok Seng, Sia Kok Heong and Sia Kok Chong.

(a) Key management compensation

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 and the Company either directly or indirectly. Key management includes all directors of the Company. The compensations paid or payable to key management for employee services are shown in Note 30(a).

(b) Transactions

	2025 RM'000	2024 RM'000
Interest expense on loans from subsidiaries' non-controlling shareholders (Note a)	76	541

Note a: The loans from subsidiaries' non-controlling shareholders are unsecured, repayable on demand at mutually agreed interest rates.

(c) Year-end balances

	2025 RM'000	2024 RM'000
Loans from subsidiaries' non-controlling shareholders (Note a)	7,851	8,037

Note a: The loans from subsidiaries' non-controlling shareholders are unsecured, repayable on demand at mutually agreed interest rates.

Notes to the Consolidated Financial Statements (Continued)

30 BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' emoluments**

The remuneration shown below represents remuneration received by the directors in their capacity as directors of the Group during the FYE 2025 and 2024.

The remuneration of the directors for the FYE 2025 is set out below:

	Fees RM'000	Salaries, bonuses and allowances RM'000	Performance incentives RM'000	Employer's contribution to a retirement benefit scheme RM'000	Total RM'000
Year ended 31 December 2025					
<u>Executive directors</u>					
Datuk Sia Kok Chin	72	1,501	111	203	1,887
Datuk Sia Keng Leong	72	1,432	111	196	1,811
Sia Kok Chong	72	1,486	111	123	1,792
Sia Kok Seng	72	1,457	111	203	1,843
Sia Kok Heong	72	1,446	111	196	1,825
<u>Independent non-executive directors</u>					
Sai Shiow Yin	101	3	-	-	104
Puar Chin Jong	101	3	-	-	104
Chu Kheh Wee	101	3	-	-	104
	663	7,331	555	921	9,470

Notes to the Consolidated Financial Statements (Continued)

30 BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(a) Directors' emoluments** (Continued)

The remuneration of the directors for the FYE 2024 is set out below:

	Fees RM'000	Salaries, bonuses and allowances RM'000	Performance incentives RM'000	Employer's contribution to a retirement benefit scheme RM'000	Total RM'000
Year ended 31 December 2024					
<u>Executive directors</u>					
Datuk Sia Kok Chin	72	1,545	169	133	1,919
Datuk Sia Keng Leong	72	1,528	169	116	1,885
Sia Kok Seng	72	1,486	169	127	1,854
Sia Kok Chong	72	1,488	169	127	1,856
Sia Kok Heong	72	1,512	169	127	1,880
<u>Independent non-executive directors</u>					
Sai Shiow Yin	101	4	-	-	105
Puar Chin Jong	101	4	-	-	105
Chu Kheh Wee	101	4	-	-	105
	663	7,571	845	630	9,709

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during the FYE 2025 (2024: Nil).

(c) Consideration provided to third parties for making available directors' services

During the FYE 2025, the Company did not pay consideration to any third parties for making available directors' services (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

30 BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors**

As at 31 December 2025, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Except for those transactions disclosed elsewhere in the note to consolidated financial statements, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025 (2024: Nil).

31 RENTALS RECEIVABLES UNDER NON-CANCELLABLE OPERATING LEASE

The Group leases out its investment properties under operating leases. The future minimum lease receivable under non-cancellable lease is as follows:

	2025 RM'000	2024 RM'000
Less than 1 year	6	6

Notes to the Consolidated Financial Statements (Continued)

32 CASH GENERATED FROM OPERATIONS

Reconciliation from profit before income tax to cash generated from/(used in) operations:

	2025 RM' 000	2024 RM' 000
Cash flows from operating activities		
Profit before income tax	17,894	32,862
Adjustments for:		
Finance costs	4,189	5,468
Finance income	(1,550)	(445)
Provision for loss allowance on trade receivables	3,313	1,883
Depreciation expenses	11,148	9,780
Amortisation expenses	57	52
Gain on disposal of property, plant and equipment	(253)	(289)
Property, plant and equipment written-off	-	1
Unrealised foreign exchange losses/(gains), net	153	159
Write-back of downpayment to suppliers	(4)	-
Write-off of downpayment to suppliers	4	1,147
Impairment of downpayment to suppliers	104	155
Impairment loss of property, plant and equipment	1,429	-
Write-off of trade receivables	-	28
	36,484	50,801
Changes in working capital		
(Increase)/Decrease in inventories	(1,871)	11,994
Decrease in trade and other receivables	4,664	19,189
Decrease in trade and other payables	(12,139)	(8,888)
	27,138	73,096

In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2025 RM' 000	2024 RM' 000
Net book amount	226	19
Gains on disposal of property, plant and equipment	253	289
Proceeds from disposal of property, plant and equipment	479	308

Notes to the Consolidated Financial Statements (Continued)

33 CASH FLOWS FROM FINANCING ACTIVITIES

	Bank borrowings RM'000	Hire purchase liabilities RM'000	Finance lease liabilities RM'000	Loans from subsidiaries' non-controlling shareholders RM'000	Total RM'000
At 1 January 2024	94,057	4,340	3,407	5,652	107,456
Additions/Proceeds					
- cash	1,500	-	-	1,844	3,344
- non-cash	-	2,152	3,145	-	5,297
Repayments	(27,768)	(2,021)	(2,244)	-	(32,033)
Other non-cash movement (Finance cost)	4,387	278	262	541	5,468
At 31 December 2024	72,176	4,749	4,570	8,037	89,532
At 1 January 2025	72,176	4,749	4,570	8,037	89,532
Additions/Proceeds					
- cash	10,809	-	-	-	10,809
- non-cash	-	4,652	1,935	-	6,587
Repayments	(6,595)	(2,876)	(2,413)	(262)	(12,146)
Other non-cash movement (Finance cost)	3,494	404	215	76	4,189
At 31 December 2025	79,884	6,929	4,307	7,851	98,971

Notes to the Consolidated Financial Statements (Continued)

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Notes	2025 RM'000	2024 RM'000
Assets			
Non-current assets			
Investment in a subsidiary	35	39	39
Amounts due from subsidiaries	36	48,057	49,798
		48,096	49,837
Current assets			
Prepayments		181	203
Cash and cash equivalents		44	60
		225	263
Total assets		48,321	50,100
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		5,206	5,206
Share premium		49,306	49,306
Accumulated losses	(a)	(6,950)	(5,304)
		47,562	49,208
Liabilities			
Current liabilities			
Other payables		698	831
Amount due to a subsidiary		61	61
		759	892
Total equity and liabilities		48,321	50,100

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2026 and was signed on its behalf:

Datuk Sia Kok Chin
Director

Mr. Sia Kok Seng
Director

Notes to the Consolidated Financial Statements (Continued)

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY*(Continued)***(a) Reserve movement of the Company**

	Share premium RM'000	Accumulated losses RM'000	Total reserves RM'000
At 1 January 2024	49,306	(3,095)	46,211
Net loss and total comprehensive loss for the year, net of tax	-	(2,209)	(2,209)
At 31 December 2024	49,306	(5,304)	44,002
At 1 January 2025	49,306	(5,304)	44,002
Net loss and total comprehensive loss for the year, net of tax	-	(1,646)	(1,646)
At 31 December 2025	49,306	(6,950)	42,356

Notes to the Consolidated Financial Statements (Continued)

35 INVESTMENT IN SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2025 and 2024 were set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital	Group's effective equity interest		Principal activities
			2025	2024	
<u>Directly held:</u>					
Heng Hup (BVI) Limited	British Virgin Islands	10,000 ordinary shares	100%	100%	Investment holding
<u>Indirectly held:</u>					
Heng Hup Holdings (Malaysia) Sdn.Bhd.	Malaysia	1,560 ordinary shares	100%	100%	Investment holding
Heng Hup Metal Sdn. Bhd.	Malaysia	3,541,959 ordinary shares	100%	100%	Trading of scrap ferrous metals, used batteries, other scraps and provide logistic services
Heng Hup Hardware (M) Sdn. Bhd.	Malaysia	4,058,774 ordinary shares	100%	100%	Trading of scrap ferrous metals, used batteries, other scraps and provide logistic services
Heng Hup Paper Sdn. Bhd.	Malaysia	1,000,000 ordinary shares	100%	100%	Dealing with recycle paper and its related products
Heng Hup Paper (Melaka) Sdn.Bhd.	Malaysia	250,000 ordinary shares	100%	100%	Trading and recycling of paper and other related products
Heng Hup Metal (Johor) Sdn.Bhd.	Malaysia	250,000 ordinary shares	100%	100%	Trading of scrap ferrous metals, used batteries and other scraps
Heng Hup Hardware (Klang) Sdn.Bhd.	Malaysia	1,200,000 ordinary shares	100%	100%	Rerolling, processing and trading of scrap metal
Heng Hup Metal (Singapore) Pte. Ltd.	Singapore	100 ordinary shares	100%	100%	Trading of scrap ferrous metals, used batteries and other scraps.
HH Eco Green Sdn. Bhd. (formerly known as Heng Hup Engineering Sdn. Bhd.) ^(c)	Malaysia	1,000 ordinary shares	100%	100%	Trading of scrap metal and mix metal
Heng Hup International Pte. Ltd.	Singapore	100 ordinary shares	51%	51%	Trading of scrap ferrous metals, used batteries and other scraps
Heng Hup Paper & Metal Sdn. Bhd. (formerly known as Keat Paper Sdn. Bhd.) ^(c)	Malaysia	1,000 ordinary shares	100%	66.7%	Involving collecting plastic waste, paper waste, metal scrap, recyclable materials and any other relevant description

Notes to the Consolidated Financial Statements (Continued)

35 INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Issued and paid-up share capital	Group's effective equity interest		Principal activities
			2025	2024	
Heng Hup Resources Sdn. Bhd.	Malaysia	100 ordinary shares	60%	60%	Trading of minerals and metals
LMT Materials Sdn. Bhd. ^(a)	Malaysia	1,300,000 ordinary shares	60%	60%	Trading of scrap ferrous metals, used batteries and other scraps
HH Green Energy Sdn. Bhd.	Malaysia	100 ordinary shares	100%	100%	Dormant
East China Metallurgy Sdn. Bhd.	Malaysia	2,500,000 ordinary shares	51%	51%	Involving in metallurgical processing of iron and steel
AI Energy Tech (Malaysia) Sdn. Bhd. ^(d)	Malaysia	100 ordinary shares	100%	100%	Provisioning of comprehensive energy saving solutions, energy management services and carbon management services

- (a) On 30 October 2024, the non-controlling interest shareholder of HH Eco Green Sdn. Bhd. (Formerly known as Heng Hup Engineering Sdn. Bhd.) transfer 300 shares at par value of RM1 each share to the Heng Hup Holdings (Malaysia) Sdn. Bhd. As at 30 October 2024, the HH Eco Green Sdn. Bhd. become wholly owned subsidiaries to the Group. Upon the completion, the Group recognised an increase in non-controlling interest of approximately RM325,000 and a decrease in equity attributable to owners of the Company of the same amount.
- (b) On 2 August 2024, LMT Materials Sdn. Bhd. ("**LMT**") increased paid up share capital from RM100 to RM1,300,000 at par value of RM1 and the non-controlling interest of LMT had allotment of 40% shares of the paid up capital for LMT. The non-controlling interest settle the consideration by transferring certain property, plant and equipment to LMT. Upon the completion, the Group's shareholding in LMT reduced to 60% and recognised an increase in non-controlling interest of approximately RM520,000.
- (c) On 1 August 2025, the Group acquired the remaining 33.3% of the issued shares of Heng Hup Paper & Metal Sdn. Bhd. (formerly known as Keat Paper Sdn. Bhd.) for a cash consideration of RM333. Heng Hup Paper & Metal Sdn. Bhd. became a wholly-owned subsidiary of the Group after the transaction. As a result, RM150,000 was the impact of reversal of prior-year accumulated losses recognised.
- (d) On 27 November 2025, AI Energy Tech (Malaysia) Sdn. Bhd. was incorporated with 100% controlling interest and the paid-up share capital is RM100 comprising of 100 ordinary shares.

The non-controlling interests of the above non-wholly owned subsidiaries are individually and not material to the Group.

36 AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from subsidiaries are advances in nature, interest free and unsecured. The Company does not expect repayment of the said advances within the foreseeable future and therefore, the advances can be deemed as capital loan. The terms have been mutually agreed by both parties.

37 SUBSEQUENT EVENT

The Board is not aware of any significant events that have occurred subsequent to the FYE 2025 and up to the date of this annual report that would require any disclosure.

Notes to the Consolidated Financial Statements (Continued)

38 SUMMARY OF OTHER ACCOUNTING POLICIES**38.1 Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and senior management team led by the Group's chief executive officer that makes strategic decisions.

38.3 Intangible asset

Intangible asset is stated at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method to allocate the cost of assets to their residual values over their estimated useful lives at the following annual rate:

Software	25%
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The residual value of intangible assets are assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or there is an active market for the asset and residual value can be determined by reference to the market and it is probable that such a market will exist at the end of the asset's useful life.

At the end of reporting period, the Group and the Company assesses whether there is any indication of impairment. If such indications exist, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See accounting policy Note 2.5 on impairment of non-financial assets.

Notes to the Consolidated Financial Statements (Continued)

38 SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)**38.4 Investment properties**

Investment properties, principally comprising land and buildings is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. See accounting policy Note 2.5 on impairment of non-financial assets. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives of 50 to 99 years and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

38.5 Share capital**(a) Classification**

Ordinary shares are classified as equity.

(b) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

38.6 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Notes to the Consolidated Financial Statements (Continued)

38 SUMMARY OF OTHER ACCOUNTING POLICIES *(Continued)*

38.7 Interest income

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group.

38.8 Hire purchase liabilities

Property, plant and equipment acquired under hire purchase are capitalised in the consolidated financial statements and depreciated in accordance with the policy set out in Note 2.4. The corresponding outstanding obligation due under the hire purchase after deducting finance expenses are included as liabilities in the consolidated financial statements. Finance charges are allocated to profit or loss over the period of the hire purchase agreements on a straight-line basis.

38.9 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate. Government grant is presented within other income in the consolidated statement of comprehensive income.