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HIGHLIGHTS



ENCORP Cares, ENCORP Recycles

Jan-Dec 2025

....

Through ENCORP's ongoing awareness programme, employees have collectively gathered a total of 332.2 kilograms of reusable and recyclable materials throughout the year, reflecting the company's commitment to sustainability and responsible resource management.



Let's Infaq in the Month of Ramadan

14 March 2025

....

In the spirit of Ramadan, ENCORP employees participated in a heart-warming infaq initiative, providing essential basic needs to children from Pusat Jagaan Pertubuhan Anak Yatim dan Asnaf An-Naafi Ampang, fostering community support and compassion during the blessed month.



Ramadan Iftar Gathering

25 March 2025

....

ENCORP hosted a Iftar gathering at Sireh Junjung Banquet Hall, Strand Mall, with 40 children from Pusat Jagaan Rumah Kasih Nurul Hasanah, 8 veteran athletes from Yayasan Kebajikan Atlet Kebangsaan and media partners, sharing duit raya and reflecting on the true essence of Ramadan.



Rewang Bubu Lambuk with MBPJ

26 March 2025

....

ENCORP, together with the Petaling Jaya City Council, prepared over 3,000 packs of Bubu Lambuk through a gotong-royong effort and distributed them to the Kota Damansara community, celebrating togetherness and the power of unity.



ENCORP Hari Raya Open House with Business Partners

22 April 2025

....

A celebration of the relationships that form ENCORP's success. By hosting over 300 corporate clients, relationships built over time were honoured in a beautiful afternoon celebrating trust, connection and shared journeys.



ENCORP Charts New Territory at MATTA Fair Sabah 2025

9 May 2025

....

ENCORP makes its strategic debut at the MATTA Fair Sabah 2025, becoming one of the first property developers to join a traditionally travel-focused event. This move reflects a growing overlap between lifestyle, travel and homeownership aspirations, further underscoring ENCORP's commitment to reaching new audiences.



ENCORP on the Global Stage

16 May 2025

....

ENCORP marked its presence internationally as ENCORP Chairman participated in the “Malaysia-Russia Cooperation for Human Development Through Technology” discussion at KazanForum 2025 in Kazan, Russia. The session explored collaboration in innovation, technology and human development, aligned with ENCORP’s commitment to sustainability and global partnerships.



ENCORP's 25th Annual General Meeting

25 June 2025

....

Resuming as a physical engagement with shareholders, the meeting was held at SPACEHUB Strand Mall, providing an effective platform for interaction while ensuring compliance with regulatory requirements.



“Brave Hearts, Big Smiles” Shop to Support Little Cancer Fighters

25 - 27 June 2025

....

A day filled with purpose featured bazaar booths, lucky draws, cancer awareness talks and health checks. The initiative raised RM6,000 benefiting children undergoing cancer treatment while raising awareness of the challenges faced by them and their families.



Bringing ESG Awareness to the Frontlines of Property Development

14 July 2025

....

ENCORP’s inaugural ESG and Sustainability Awareness Talk at Strand Mall, themed “Promoting Sustainability through Awareness,” brought together employees, consultants, contractors, suppliers and tenants, demonstrating the company’s commitment to broadening ESG education across its operational ecosystem.



ENCORP 2025 Integrity Day

29 July 2025

....

ENCORP’s Strand Mall became the first mall in Malaysia to host the Corruption-Free Pledge (Ikrar Bebas Rasuah) with MACC. Employees, tenants, consultants and business partners recited the pledge, affirming zero tolerance for misconduct, following a two-day Integrity Workshop reinforcing integrity in both policy and daily practice.



Honouring Sporting Excellence

31 July 2025

....

ENCORP presented a RM5,000 appreciation reward to MRSM Balik Pulau for their historic victory in the Super Schools Rugby Championship 2025. The award was presented at Mega Karnival 3 Dimensi 2025, celebrating their achievement as the first MRSM team to secure the championship title.



Certificate of Achievement for Encorp Facilities Management Sdn Bhd

4 August 2025

....

Encorp Facilities Management Sdn Bhd secured a 3-Star SCORE Rating under the Construction Industry Development Board Malaysia (CIDB) SCORE Certification 2025, reflecting its strong operational performance and commitment to industry standards.



ENCORP's 25th Anniversary Activation Event

31 August 2025

....

ENCORP proudly marked 25 Years of Enlightened Growth with a vibrant community celebration at Strand Mall, featuring a live screening of the Premier League match between Liverpool and Arsenal. Held in collaboration with ASTRO and other valued partners, the event also celebrated Malaysia's 68th Merdeka.



Promoting Women's Well-Being

19 September 2025

....

ENCORP volunteers spent an afternoon at Strand Mall distributing approximately 300 sanitary pads, in partnership with BLOOD. This simple act supported women in the community, promoting dignity, care and a more enlightened and compassionate society.



Ziarah Kasih Kotaraya Programme

26 September 2025

....

ENCORP extended kindness through its CSR initiative, Ziarah Kasih Kotaraya, at Anjung Kembara, Pusat Transit Gelandangan Kuala Lumpur. The programme delivered meaningful impact through community-driven activities, including free haircut services, a shoe stitching workshop to support income opportunities, volunteer-led cleaning and space enhancement and a Merdeka-themed engagement session to uplift and inspire.



Supporting Youth Creativity and Community

31 October 2025

...

ENCORP contributed RM5,500 towards the Projek Lukisan Seni Mural at SMK Sungai Kertas, Gombak, supporting youth creativity and education while strengthening community engagement and social well-being.



GreenRE Provisional Award for Balau Residences

14 November 2025

....

A milestone achievement for ENCORP, marking the Group's first GreenRE recognition with a Provisional Silver Certification, reflecting our ongoing commitment to sustainable development.



26 November 2025

....

ENCORP supported the UniMAP Industry Alumni Convention 2025 with a RM10,000 sponsorship and participation through a dedicated property booth. The engagement reflects ENCORP's commitment to future collaborations in community programmes, skills and technology development, student accommodation and facilities management.



28 November 2025

....

ENCORP's Chairman, Yusmadi Yusoff, was honoured with the MADANI Corporate Reform Award 2025 at the MADANI Business Awards 2025. ENCORP also supported the event with a RM5,000 sponsorship, reflecting its commitment to advancing a progressive and responsible corporate ecosystem.



4 December 2025

....

ENCORP delivered essential food supplies to residents and staff affected by flash floods, extending its outreach to the FELDA Chuping community in Perlis. Aid was provided to 30 individuals, including an ENCORP employee, in collaboration with local representatives to support recovery efforts.



21 December 2025

....

The hotel component of the Balau development achieved GreenRE Provisional Gold Certification, reflecting ENCORP's commitment to environmentally responsible design and operations. This builds on Balau Residences' Provisional Silver Certification, demonstrating continuous progress in elevating sustainability standards across our developments.

ENCORP IN THE NEWS

Encorp Berhad (ENCORP) maintains consistent engagement with the media to ensure timely, accurate and transparent communication of its corporate developments. Media coverage reflects the Group's commitment to good disclosure practices, strengthening stakeholder confidence and public trust.



EASY INFORMATION ACCESS

Provides the latest updates on our website for convenience: www.encorp.com.my

ACTIVE ENGAGEMENT

Connect with stakeholders and media regularly



Strategic Review & Alignments Session with Felda Investment Corporation Sdn Bhd



Friendly pickleball match between Suria FM (celebrating 18 years on air) and mStar (marking its 20th year)

POSITIVE MEDIA COVERAGE

Generating favourable media coverage that enhances brand visibility, strengthens public trust and boosts reputation

- | | |
|--|---|
| <p>01 Pembukaan 99 Speedmart Di Lamanda Chuping, Perlis - Simbol Transformasi Dan Pemangkin Ekonomi (Bernama)
https://mrem.bernama.com/mrembm/viewsm.php?dm=18976</p> <p>02 Encorp Bhd sees strong turnaround in 2024 (The Vibes)
https://www.thevibes.com/articles/business/105418/encorp-bhd-sees-strong-turnaround-in-2024</p> <p>03 Program Rewang Bubur Lambuk MBPJ, Encorp erat semangat komuniti setempat (Sinar Harian)
https://www.sinarharian.com.my/article/718754/berita/nasional/program-rewang-bubur-lambuk-mbpj-encorp-erat-semangat-komuniti-setempat</p> <p>04 Encorp appoints Nor Azira as director, redesignates Kamarul Azman as acting CEO (Business Today)
https://www.businesstoday.com.my/2025/03/27/encorp-appoints-felda-finance-director-to-the-board/</p> <p>05 Encorp appoints Nor Azira as director, redesignates Kamarul Azman as acting CEO (Business Today)
https://www.businesstoday.com.my/2025/03/27/encorp-appoints-felda-finance-director-to-the-board/</p> <p>06 Encorp makes Matta debut (Daily Express KK) Pemangkin Ekonomi (Bernama)
<i>Daily Express KK - printed</i></p> <p>07 Encorp hopes for better financial year 2025, driven by new developments in Kuantan, existing foothold in Johor's trade zone (The Sun)
https://thesun.my/business-news/encorp-hopes-for-better-financial-year-2025-driven-by-new-developments-in-kuantan-existing-foothold-in-johor-s-trade-zone-CG14128785</p> <p>08 Encorp names Ahmad Harzimi as new group CEO (The Edge)
https://theedgemalaysia.com/node/758531</p> | <p>09 Encorp dapat sokongan penuh pemegang saham pada AGM Ke-25 (Berita Harian)
https://www.bharian.com.my/bisnes/korporat/2025/06/1412543/encorp-dapat-sokongan-penuh-pemegang-saham-pada-agm-ke-25</p> <p>10 ENCORP and USM Bring ESG Awareness to the Frontlines of Property Development (Bernama)
https://www.bernama.com/en/press/news.php?id=2445179</p> <p>11 Encorp Appoints Felda Investment GCEO To The Board (Business Today)
https://www.businesstoday.com.my/2025/07/15/encorp-appoints-felda-investment-gceo-to-the-board/</p> <p>12 Progress Accelerates On Balau Residences With Key Approvals Secured (Bernama)
https://mrem.bernama.com/viewsm.php?idm=51670</p> <p>13 No Compromise as Encorp 2025 Integrity Day Sparks Honest Conversations On Ethics And Accountability (Bernama)
https://mrem.bernama.com/viewsm.php?idm=51733</p> <p>14 Appointment Of Puan Zaina Diana Binti Zinal Boosts Women's Representation On Encorp Board (Bernama)
https://mrem.bernama.com/viewsm.php?idm=51868</p> <p>15 Encorp Celebrates 25 Years Of Enlightened Growth With Community At Strand Mall (Bernama)
https://mrem.bernama.com/viewsm.php?idm=51976</p> <p>16 Encorp trims Q3 net loss to RM2.5mil on improved efficiency, no legal reversals (New Straits Times)
https://www.nst.com.my/business/corporate/2025/11/1325236/encorp-trims-q3-net-loss-rm25mil-improved-efficiency-no-legal?source=widget</p> |
|--|---|

RECOGNITION OF A GROWING ENCORP

GreenRE Award 2025 (Provisional) for

- Balau Residences — Silver
- Balau Residences hotel component - Gold

Construction Industry Development Board Malaysia SCORE Certification 2025 for Encorp Facilities Management Sdn Bhd (3-Star SCORE Rating)

Construction Industry Development Board Malaysia QLASSIC Certification 2024 for Iris Encorp Cahaya Alam (81% Rating)

Construction Industry Development Board Malaysia QLASSIC Certification 2023 for Lily Encorp Cahaya Alam (81% Rating)

Construction Industry Development Board Malaysia SCORE Certification 2023 for Encorp Construction & Engineering Sdn Bhd (3-Star SCORE Rating)

Winner of HR Asia:

Best Companies to Work for in Asia Awards 2018, 2019, 2021

Winner of Employer of Choice Award (Silver) Private Sector, Malaysia International HR Awards 2018

Construction Industry Development Board Malaysia QLASSIC Certification 2018 for Encorp Marina Puteri Harbour (75% Rating)

Winner of Best Investor Relations Company, 7th Asian Excellence Recognition Awards 2017

Winner of HR Asia:

Best Companies to Work for in Asia Awards 2017

Winner of Employer of Choice Award (Silver), Malaysia HR Awards 2017

Winner of Property Development (CSR), Malaysia Social Media Week Awards 2017

Winner of Property Development, Selangor Business Excellence Awards 2017

Construction Industry Development Board Malaysia QLASSIC Certification 2017 for Encorp Strand Residences (72% Rating)

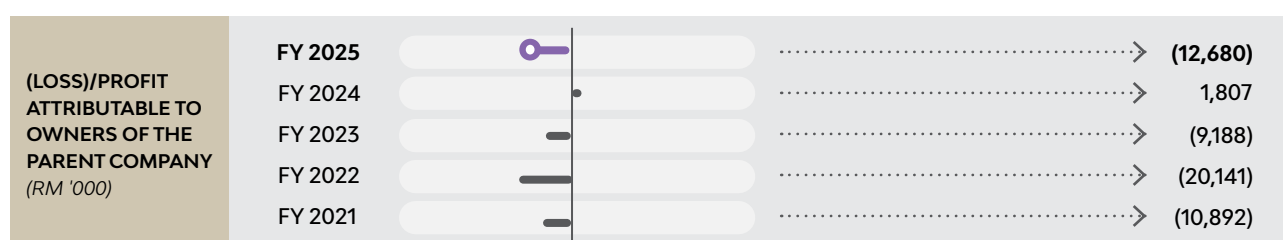
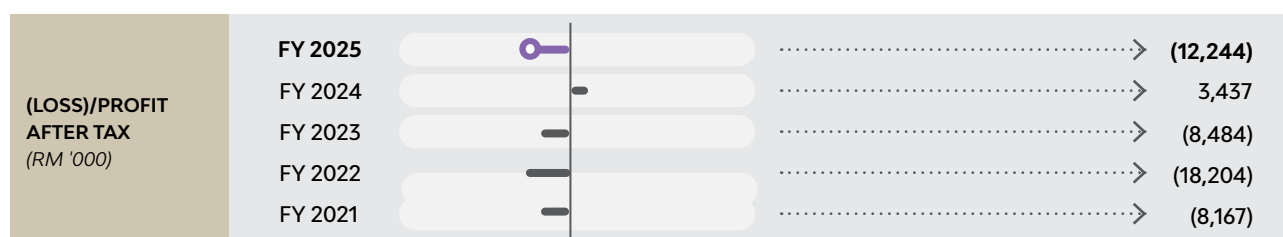
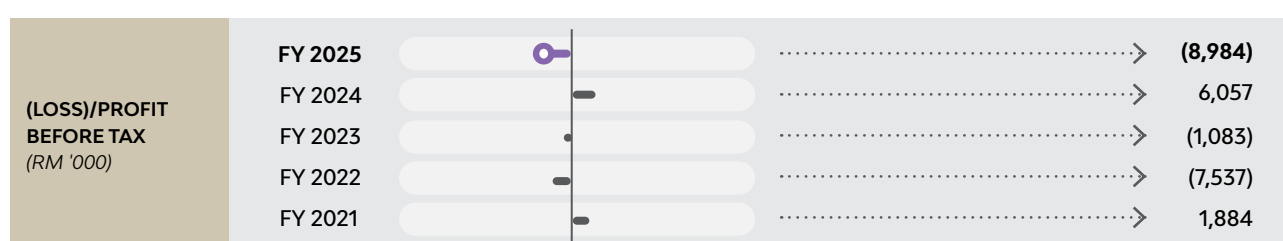
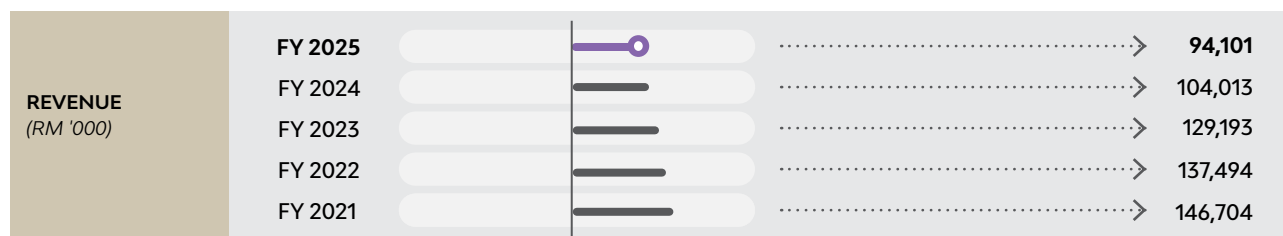
Winner of Jury for Encorp Strand Mall, Universal Design Award 2016

Finalist of Best Mixed Development for Encorp Strand, iProperty.com People's Choice Awards 2016

Green Building Index Award 2013 (Provisional) for Encorp Marina Puteri Harbour



5 - YEAR FINANCIAL HIGHLIGHTS



- N1** There is no margin available due to the loss position for that year.
- N2** The results is attributable to owners of the parent company.
- N3** The net gearing ratio is calculated using the loans and borrowing amount plus trade payables however excluding the Sukuk Murabahah, cash and cash equivalents, fixed deposits and investment securities. The Sukuk Murabahah has been excluded as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk do not have any financial recourse to the Group.
- N4** Includes property development cost.

FINANCIAL RATIOS	2025	2024	2023	2022	2021
Profit before tax margin (%)	N1	5.8%	N1	N1	1.3%
(Loss) / profit per share (sen)	(4.01)	0.57	(2.90)	(6.37)	(3.44)
Closing share price as at end of year (RM)	0.17	0.21	0.27	0.22	0.33
Price-earning ratio (times)	(0.04)	0.37	(0.09)	(0.03)	(0.10)
Return on capital employed (ROCE)	0.05	0.08	0.07	0.06	0.07
Return on equity (ROE) ^{N2}	(0.04)	0.01	(0.03)	(0.06)	(0.03)
Net gearing ratio (%) ^{N3}	6%	7%	10%	3%	5%
Net assets per share (RM) ^{N2}	1.02	1.06	1.04	1.06	1.12
Shares ('000)	316,685	316,685	316,685	316,685	316,685
Weighted average share capital	316,299	316,299	316,299	316,299	316,299

KEY BALANCE SHEET DATA	2025 RM'000	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	3,968	4,321	4,442	5,523	4,828
Investment properties	310,000	305,490	290,290	291,780	290,290
Land held for property development	29,050	27,311	27,514	26,590	17,034
Trade and other receivables	279,673	391,717	494,955	564,034	650,160
Inventories ^{N4}	108,458	121,571	113,919	110,234	113,007
Cash & bank balance and Investment Security	151,308	159,215	154,467	175,750	179,301
Other assets	16,758	16,691	18,774	11,390	36,732
Right-of-use assets	9,564	11,394	13,309	15,585	17,597
Total Assets	908,779	1,037,710	1,130,710	1,200,886	1,308,949
Loans and borrowings	59,648	59,342	76,245	71,137	90,244
Sukuk Murabahah	299,753	401,358	494,171	574,107	651,860
Trade and other payables	105,139	115,752	107,129	100,407	90,065
Other liabilities	16,063	19,841	17,763	13,594	15,862
Lease liabilities	13,084	14,947	16,611	18,598	20,074
Total Liabilities	493,687	611,240	711,919	777,843	868,105
Total Equity	415,092	426,470	418,791	423,043	440,844
Non-controlling interest	91,877	91,441	89,811	89,107	87,095
Shareholders' equity	323,215	335,029	328,980	333,936	353,749

ENCORP

INVESTOR RELATIONS

Encorp Berhad (ENCORP) is committed to transparency, integrity and proactive communication with our stakeholders. We recognise that building and sustaining investor confidence is essential to long-term value creation.

We provide timely and accurate information on our business, strategies and performance through Annual Reports, quarterly announcements and updates on our corporate website. These channels ensure that investors, shareholders and analysts have access to relevant insights to make informed decisions.

Our Board of Directors is dedicated to good governance and oversight, maintaining accountability, ethical conduct and strategic guidance in line with market practices. These efforts, together with our sustainability initiatives, ensure that ENCORP's long-term strategy aligns with environmental, social and governance (ESG) considerations valued by investors.

ENCORP is committed to engaging with investors through clear and timely communication. We aim to provide insights on our operational performance and strategic direction, maintain open dialogue, respond promptly to queries and build long-term relationships based on trust.

INVESTOR RELATIONS WEBSITE, CONTACT AND FEEDBACK

WEBSITE


All Investor Relations engagements and activities are published on ENCORP's corporate website at www.encorp.com.my. This website provides all relevant information on Encorp Berhad's Guidelines, announcements, financial results, minutes of Annual General Meeting, press releases and disclosures to Bursa Malaysia.


INVESTOR RELATIONS CONTACT AND FEEDBACK

For more queries and feedback, please reach out to the Investor Relations team at encare@encorp.com.my.

SHARE PERFORMANCE

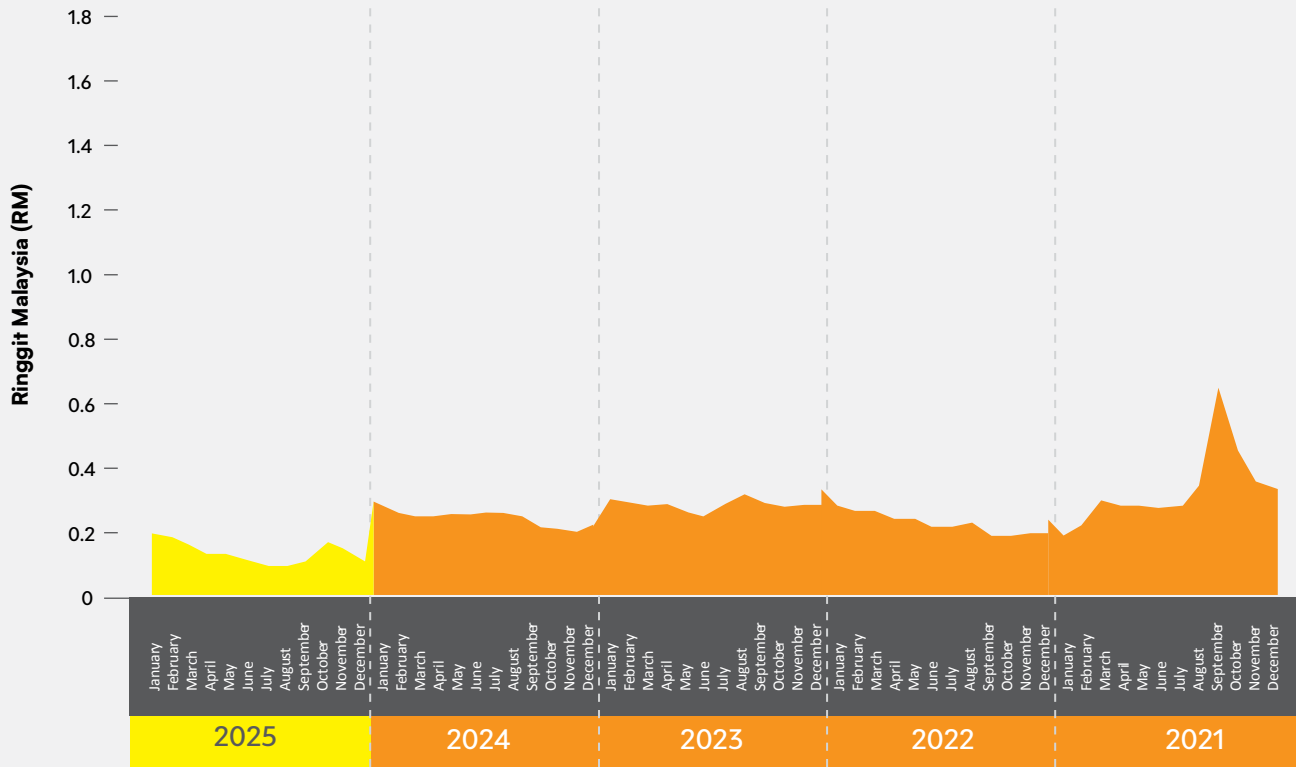
 Stock Exchange
Bursa Malaysia Securities Berhad

 Stock Name
ENCORP

 Stock Code
6076

During the year	2025	2024	2023	2022	2021
Highest (RM)	0.225	0.32	0.34	0.375	0.70
Lowest (RM)	0.12	0.19	0.215	0.20	0.18

SHARE PRICE (BURSA MALAYSIA)
Based on month-end closing price



C O R P O R A T E G O V E R N A N C E

OVERVIEW STATEMENT

The Board of Directors (“the Board”) reaffirms its commitment to and supports the best practices of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021” or “the Code”) which sets out broad principles, intended outcome and guidance to promote and cultivate a strong culture of good corporate governance for listed companies.

The Board strives to ensure that the highest standards of corporate governance are practiced to protect and enhance shareholders’ value.

During the financial year ended 31 December 2025, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on how the Company has applied each Practice as set out in the Code in the Corporate Governance Overview Statement below, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each Practice set out in the Code during the financial year ended 31 December 2025, please refer to the Corporate Governance Report 2025 on the Company’s website at www.encorp.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board’s Role and Responsibilities

The Board is charged with leading and managing the Company in an effective and responsible manner and is collectively responsible for meeting the objectives and goals of the Company. Each Director has a fiduciary duty to act in good faith and in the best interest of the Company exercising due care and diligence avoiding conflict of interest wherever possible. Directors are to refrain from making improper use of information, property or opportunity gained through the position of Director or engaging in business which is in competition with the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.

In line with the Code, the Board has adopted a Board Charter which primarily sets out the Board’s strategic intent and outlines the Board’s roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote the highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded. The Board Charter was last reviewed on 17 January 2023.

The Board has approved the adoption of Fit and Proper Policy which is implemented to guide the Board and the Nominating and Remuneration Committee in appointment and re-election of Directors to the Board and the Group. This Policy which was approved by the Board will be reviewed from time to time to remain aligned with Main Market Listing Requirements (“MMLR”) of Bursa Securities taking into consideration the changes in the law and regulatory requirements.

The Board had also adopted and implemented a Code of Conduct and Business Ethics to provide guidance and set common ethical standards to promote consistency in behavior across the Group. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies. The Directors, management and employees are expected to behave ethically and professionally at all times and protect the reputation of the Company. The Group communicates its Code of Conduct and Business Ethics to all Directors, management and employees.

More information on the Board Charter, Fit and Proper Policy and the Code of Conduct and Business Ethics can be found on the Company’s website at www.encorp.com.my.

The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Setting, reviewing and approving the business plan and overall strategic plan of the Company that supports long term value creation which includes strategies on environmental, economic, social considerations which underpins sustainability for the Company;
- Review, challenge and decide on Management's proposals or the Company and monitor its implementation by Management;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Together with Senior Management, promote good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behavior;
- Identifying principal financial and non-financial risks and ensuring the implementation of appropriate risk management framework to identify, analyse, evaluate, manage and monitor these risks and to set the risk appetite;
- Succession planning, includes appointment, training, fixing compensation of and where appropriate, replacing key management;
- Ensure the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical, prudent and professional behavior and working with Senior Management in promoting a culture of good Corporate Governance and promoting a culture of corporate responsibility.

All the Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

Board Balance

The Board comprises a majority of independent directors where the Chairman is an Independent Non-Executive Director. The current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgements and expertise to the Board. Further, the Chairman also ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings. The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

The Board remains committed to upholding strong corporate governance principles, including the clear distinction of roles and responsibilities between the Chairman and the Group Chief Executive Officer ("GCEO") to ensure a balance of power, authority, and accountability within the Group. The Chairman is responsible for the leadership, effectiveness, conduct, and governance of the Board, ensuring that it functions effectively and independently. Meanwhile, the GCEO is entrusted with overseeing the day-to-day management and operations of Encorp Group, within the limits of authority delegated by the Board. The GCEO also serves as a conduit between the Board and Management, ensuring the execution of strategic decisions and operational efficiency in alignment with the Group's business objectives.

Following the transitional period, the Board completed the leadership succession process with the appointment of Ahmad Harzimi Bin Mohd Taib as GCEO, effective 10 June 2025, as announced to Bursa Malaysia. Upon the commencement of Ahmad Harzimi's duties as GCEO, Kamarul Azman Bin Kamarozaman @ Amir ceased his role as Acting GCEO and resumed his substantive role as Group Chief Financial Officer ("GCFO"). This orderly transition marked the conclusion of the interim leadership arrangement and reflected the Board's commitment to ensuring continuity, clarity of roles and accountability within the Group's executive management structure.

Ahmad Harzimi brings extensive experience in legal practice, corporate governance and property development, which the Board believes will further strengthen the Group's leadership, governance standards and strategic execution. The Board considers that the separation of executive responsibilities and the restoration of a dedicated GCEO and GCFO structure reinforce sound governance practices and support the Group's long-term growth and sustainability.

To further strengthen the Group's Board governance, the Nominating and Remuneration Committee is given the responsibility to review the roles and responsibilities of the Board and the Board Committees.

Advisory Committee

In 2025, the Board reviewed the relevance and effectiveness of the Advisory Committee, which had been established in May 2024 to provide independent guidance on key business matters, including investment strategy, project execution, financial management, and human resource development. The Committee acted as a source of independent insights and recommendations, supporting the Board in its strategic oversight role while management retained responsibility for the Group's day-to-day operations.

The composition of the Advisory Committee during the period it was in operation is as follows:

Name	Directorship	No. of Meetings Attended
Mohd Yusmadi Bin Mohd Yusoff (Chairman)	Independent Non-Executive Chairman	3/3
Dato' Dr. Suzana Idayu Wati Binti Osman (Member)	Non-Independent Non-Executive Director	3/3

Following the appointment of the new GCEO and upon due consideration, the Board concluded that the Advisory Committee had fulfilled its intended purpose. Accordingly, and in line with earlier Board discussions and agreements, the Board resolved to dissolve the Advisory Committee with effect from 17 July 2025. Upon dissolution, the Committee ceased its activities, and the Board continues to exercise oversight and strategic guidance through its established Board Committees.

The Board considers the dissolution part of its ongoing efforts to ensure that its governance structures remain fit for purpose, effective, and aligned with the Group's strategic priorities. Oversight, accountability, and good corporate governance continue to be maintained across the Group, supporting sustainable value creation for all stakeholders.

Board Tender Committee

Subsequent to the financial year ended 31 December 2025, the Board approved the establishment of a Board Tender Committee ("BTC") on 24 February 2026 to provide independent oversight of the Group's tendering and procurement processes. The BTC is responsible for reviewing significant tender proposals and ensuring that the evaluation process is conducted in a transparent, objective and accountable manner in line with the Group's procurement policies and procedures. The composition and terms of reference of the BTC have been formalised and approved by the Board.

As of the date of this report, no meetings have been held and the composition of the Board Tender Committee is as follows:

Name	Directorship
Zaina Diana Binti Zinal (Chairman)	Independent Non-Executive Director
Dr Wan Ahmad Rudirman Bin Wan Razak (Member)	Independent Non-Executive Director
Nor Azira Binti Abu Bakar (Member)	Non-Independent Non-Executive Director

Access to Information

The Directors have timely, full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively. The Board is expected to meet at least four (4) times for each financial year, with additional meetings to be convened when necessary to discuss and resolve on urgent basis.

Role of Company Secretary

The Board is supported by a qualified and competent Company Secretary who meets the requirements under Section 235(2) of the Companies Act 2016. The Company Secretary is registered with the Companies Commission of Malaysia and is an affiliate member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretary plays a key advisory role to the Board, providing guidance on the Company's constitution, Board policies and procedures, and ensuring compliance with applicable laws, codes, guidance, and regulatory requirements. This includes advising on statutory obligations, governance best practices, and the Board's fiduciary responsibilities. The Company Secretary reports directly to the Chairman of the Board, ensuring independent access and effective communication between the Board and Management.

To maintain up-to-date knowledge and provide effective support, the Company Secretary attended trainings and seminars conducted by the Companies Commission of Malaysia ("CCM") and Bursa Malaysia Securities Berhad ("Bursa Securities"). These programmes cover updates on statutory and regulatory requirements, including the Bursa Malaysia MMLR, Companies Act 2016, Capital Markets and Services Act 2007, and corporate governance guidance. Consequently, the Board is regularly updated and advised on new developments, enabling it to make informed decisions and ensure compliance with applicable governance standards.

Board Meetings

To facilitate effective planning and decision-making, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meetings are convened as and when necessary to address matters that require urgent or expeditious decisions.

During the financial year under review, the Board held twelve (12) meetings to deliberate on strategic, operational, financial, and governance matters. The summary of Directors' attendance at these meetings is as follows:

Name of Director	No. of Meetings Attended
Mohd Yusmadi Bin Mohd Yusoff	12/12
Mahadzir Bin Mustafa <i>(Resigned w.e.f 21/02/2025)</i>	1/1
Nor Azira Binti Abu Bakar <i>(Appointed w.e.f 27/03/2025)</i>	9/9
Datuk Haji Jaafar Bin Abu Bakar <i>(Retired w.e.f 25/06/2025)</i>	7/7
Tuan Haji Lukman Bin Abu Bakar <i>(Retired w.e.f 25/06/2025)</i>	7/7
Muhammad Fitri Bin Othman <i>(Appointed w.e.f 15/07/2025)</i>	5/5
Dato' Dr. Suzana Idayu Wati Binti Osman <i>(Resigned w.e.f 23/07/2025)</i>	8/8
Dr Wan Ahmad Rudirman Bin Wan Razak <i>(Appointed w.e.f 23/07/2025)</i>	4/4
Zaina Diana Binti Zinal <i>(Appointed w.e.f 18/08/2025)</i>	3/3

Sustainability

Encorp Group recognises the importance of sustainability and Environmental, Social and Governance (“ESG”) considerations into its business strategy and operations. The Group acknowledges that effective management of ESG matters, including the associated risks and opportunities, is essential to support long-term value creation and responsible business practices. The Company is currently strengthening its ESG framework and updating its ESG policies to enhance governance, improve sustainability performance and prioritise health, safety and environmental stewardship across all business activities.

The Group remains committed to transparent and consistent communication of its ESG targets, initiatives and performance to both internal and external stakeholders. Stakeholders are encouraged to refer to the Sustainability Report in the Annual Report 2025 for comprehensive information on the Group’s sustainability strategies, policies, initiatives and performance. The report is available on the website of Bursa Malaysia Securities as well as the Company’s website at www.encorp.com.my.

II. Board Composition

The Company is managed and led by a Board comprising members from diverse professional backgrounds, bringing expertise in finance, business, legal, property, and other key fields. This diversity ensures that the Board has the knowledge, skills, and experience necessary to provide effective oversight and strategic direction to the Group.

Practice 5.2 of the MCGG 2021 states that at least half (1/2) of the Board should comprise Independent Directors. As at 31 December 2025, the Board consisted of five (5) members, with more than half (1/2) of the Board being Independent Directors, including an (1) Independent Non-Executive Chairman and two (2) Independent Non-Executive Directors, alongside two (2) Non-Independent Non-Executive Directors. The Independent Directors make up the majority of the composition of the Board.

This composition also complies with Paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with this requirement, the Company must fill the vacancy within three (3) months.

The Board implemented an evaluation process for assessing the effectiveness and competencies of the Board as a whole. The results of the self-assessment by Directors and the Board’s effectiveness as a whole, as compiled by the Company Secretary, were tabled to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied that the Board comprises individuals of high calibre, credibility and with the necessary skills and qualifications to enable it to discharge its duties and responsibilities effectively.

Board Independence

The Board has developed criteria to assess the independence of Independent Directors on an annual basis. When assessing independence, the Board considers not only the director’s background, economic and family relationships, but also whether the Independent Director can continue to bring objective and independent judgment to Board deliberations.

The Board undertook an assessment of the Independent Directors based on the criteria defined under the MMLR and other independence criteria applied by the Company. This assessment took into account each Director’s independence from Management, and whether they are free from any business or other relationship that could interfere with the exercise of independent judgment, as well as their ability to advise the Board on matters where a conflict of interest may exist. Based on this assessment, the Board concluded that each of the Independent Directors continues to demonstrate behaviour reflecting their independence.

Tenure of Independent Directors

The Board is aware of the provision of tenure of Independent Directors in the Board Charter, taking into account the recommendation of the Nominating and Remuneration Committee. The Board Charter specifies that an Independent Director who has reached the term limit of nine (9) years’ tenure will be re-designated as a Non-Independent Non-Executive Director, unless he/she has obtained shareholders’ approval at the Annual General Meeting (“AGM”) to be retained on the Board as an Independent Non-Executive Director. If the Board intends to retain the Independent Director after the ninth year, annual shareholders’ approval must be sought through a two-tier voting process. However, the Independent Director can only be retained until the twelfth year as restricted by the MMLR. This is to facilitate Board renewal and, hence, enhance the effectiveness of the Board.

The Nominating and Remuneration Committee assessed the independence, ability, and commitment of Independent Directors and was of the view that the length of service on the Board did not interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.

Datuk Haji Jaafar Bin Abu Bakar reached his cumulative term of nine (9) years on 23 July 2024 and subsequently retired upon the conclusion of Encorp Berhad's 25th Annual General Meeting held on 25 June 2025, following his decision not to seek re-election as Director.

Appointment of Directors

The Board places great emphasis on appointing Directors who can contribute effectively to the Company's strategic objectives. In this regard, the Nominating and Remuneration Committee and the Board consider factors such as cultural background, experience, skills, age, gender, competency, knowledge, and the potential contribution of each candidate, while also giving due regard to Practice 5.5 of the MCCG 2021 on boardroom diversity. The Nominating and Remuneration Committee evaluates and proposes candidates for both executive and non-executive positions, and the Board makes the final decision collectively to ensure a balanced mix of experience and expertise among its members.

Upon appointment, a new Director is required to commit sufficient time to attend to the Company's matters before accepting the Board position. Directors are also required to notify the Chairman before accepting any new directorship and to indicate the expected time commitment for the new role. In compliance with Paragraph 15.06(1) of the MMLR, all Directors of Encorp do not hold more than five (5) directorships in listed issuers at any one time.

During the financial year under review, the Nominating and Remuneration Committee reviewed and recommended the appointment of new Directors to fill vacancies arising from resignations or retirements. Nor Azira Binti Abu Bakar was appointed as a Non-Independent Non-Executive Director on 27 March 2025, in replacement of Mahadzir Bin Mustafa, who resigned on 21 February 2025. Muhammad Fitri Bin Othman was appointed as a Non-Independent Non-Executive Director on 15 July 2025 to replace Dato' Dr. Suzana Idayu Wati Binti Osman, who resigned with effect from 23 July 2025. Dr. Wan Ahmad Rudirman Bin Wan Razak was appointed as an Independent Non-Executive Director on 23 July 2025, replacing Datuk Haji Jaafar Bin Abu Bakar as Chairman of the Audit, Risk & Governance Committee, following Datuk Haji Jaafar's retirement upon the conclusion of the 25th Annual General Meeting on 25 June 2025. Zaina Diana Binti Zinal was appointed as an Independent Non-Executive Director on 18 August 2025 to replace Tuan Haji Lukman Bin Abu Bakar as Chairman of the Nominating & Remuneration Committee, following his retirement at the 25th Annual General Meeting on 25 June 2025.

The appointments were recommended by the Company's major shareholder during the candidate selection process. The Nominating and Remuneration Committee carefully assessed the suitability and qualifications of each candidate and recommended their appointments for the Board's approval. In discharging this duty, the Committee considered the candidates' mix of skills, functional knowledge, expertise, experience, professionalism, integrity, and other commitments, and how each could complement and strengthen the Board.

Board Diversity

The Board recognises the importance and challenges of achieving the right balance of diversity and is committed to providing fair and equal opportunities while nurturing diversity within the Group. To support this commitment, the Board has established a Diversity Policy, last reviewed on 30 November 2023, which guides the Nominating and Remuneration Committee in the selection and appointment of new Board members and Senior Management from a wide variety of backgrounds, without discrimination based on gender, age, ethnicity, marital status, or religion. Appointment decisions are made based on the required mix of skills, knowledge, and professional experience that candidates can bring to the Company's Board and leadership.

In line with Paragraph 15.02 of the MMLR, which requires a listed company to appoint at least one-woman director by 1 June 2023, the Board currently comprises two (2) female directors out of five (5) members, resulting in 40% female representation. These women directors are Nor Azira Binti Abu Bakar and Zaina Diana Binti Zinal, both of whom were appointed during the financial year to fill Board vacancies. The Board is mindful of Practice 5.9 of the MCCG 2021, which encourages boards to maintain at least 30% women representation at the board level. While gender diversity has improved, the Board recognises that further evolution of diversity across all dimensions is a long-term process and will continue to take gender diversity and broader diversity considerations into account when future vacancies arise.

In addition to gender diversity, the Board continues to value diversity of professional experience, cultural insights, and viewpoints. The presence of directors with varied backgrounds enriches discussions and supports effective decision-making, contributing to sustainable growth and robust corporate governance.

Re-Election and Re-Appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire from office at each Annual General Meeting ("AGM"), and all Directors shall retire at least once every three (3) years. The retiring Directors are eligible for re-election at the AGM. Newly appointed Directors during the financial year are required to offer themselves for re-election at the next AGM following their appointment.

To assist shareholders in making informed decisions, relevant information, including the personal profiles of Directors standing for re-election, is provided in this Annual Report.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. Following the introduction of the Mandatory Sustainability Training for Directors ("MAP II") in June 2023, by 31 December 2025, two (2) Directors had attended the MAP II sessions, while the remaining three (3) Directors had registered for sessions scheduled in 2026.

In addition to the mandatory programmes, the Directors actively participated in various training programmes, seminars, workshops, and conferences to remain abreast of developments in legal, regulatory, governance, and commercial matters. This ongoing commitment ensures that the Board continues to discharge its duties effectively and uphold high standards of corporate governance.

During the financial year ended 31 December 2025, the Directors attended the following training programmes, seminars, workshops and talks:

Name of Director	Training and Seminars attended
Mohd Yusmadi Bin Mohd Yusoff	<ol style="list-style-type: none"> 16th International Economic Forum "Russia - Islamic World: KazanForum" by Government of the Republic of Tatarstan Russian Embassy_XVII International Forum "Partnership of the state, business and civil societies in ensuring international information security" by Russian Embassy
Nor Azira Binti Abu Bakar (Appointed w.e.f 27/03/2025)	<ol style="list-style-type: none"> Mandatory Accreditation Programme Part 1 by Bursa Malaysia Securities Berhad.
Muhammad Fitri Bin Othman (Appointed w.e.f 15/07/2025)	<ol style="list-style-type: none"> Program Syarahan Perdana Oleh Profesor Mariana Francesca Mazzucato Dari University College London ("UCL") by Institut Tadbiran Awam Negara ("INTAN"); Program Ceritera Pemimpin: Bakti Disemai, Bukti Dituai bersama YM Tunku Alizakri bin Raja Muhammad by Lembaga Kemajuan Tanah Persekutuan ("FELDA"); SC - IFN Oman Forum by CGS International Securities Pte. Ltd.; Malaysia - Oman Dialogue Session by CGS International Securities Pte. Ltd.; Bicara Aspirasi H.E.M.A.T by Institut Tadbiran Awam Negara (INTAN); Khazanah Megatrends Forum 2025 by Khazanah Nasional Berhad; Program Ceritera Pemimpin 2.0: Bakti Disemai, Bukti Dituai oleh YBhg. Tan Sri Dato' Sri Haji Azam Bin Baki, Ketua Pesuruhjaya, Suruhanjaya Pencegahan Rasuah Malaysia ("SPRM") by Lembaga Kemajuan Tanah Persekutuan ("FELDA"); MPOB International Palm Oil Congress & Exhibition ("PIPOC") 2025 by Malaysia Palm Oil Berhad; Bursa Malaysia Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") by Institute of Corporate Directors Malaysia ("ICDM"); and Program Ceritera Pemimpin 3.0: Bakti Disemai, Bukti Dituai oleh YBhg. Tan Sri Dato' Sri Mohamed Nazir Bin Tun Abdul Razak by Lembaga Kemajuan Tanah Persekutuan ("FELDA").

Dr Wan Ahmad Rudirman Bin Wan Razak (Appointed w.e.f 23/07/2025)	1. Mandatory Accreditation Programme Part 1 by Bursa Malaysia Securities Berhad.
Zaina Diana Binti Zinal (Appointed w.e.f 18/08/2025)	1. Mandatory Accreditation Programme Part 1 by Bursa Malaysia Securities Berhad.

III. Remuneration

Board Remuneration

The Nominating and Remuneration Committee recommends the remuneration package for the Executive Director/GCEO to the Board for approval. The Executive Director abstains from deliberations and voting on matters pertaining to his own remuneration to ensure objectivity and transparency.

The Nominating and Remuneration Committee is comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, as follows:

Name	Designation	Directorship
Zaina Diana Binti Zinal (Appointed w.e.f 18/08/2025)	Chairman	Independent Non-Executive Director
Dr Wan Ahmad Rudirman Bin Wan Razak (Appointed w.e.f 23/07/2025)	Member	Independent Non-Executive Director
Muhammad Fitri Bin Othman (Appointed w.e.f 15/07/2025)	Member	Non-Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar (Retired w.e.f 25/06/2025)	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar (Retired w.e.f 25/06/2025)	Member	Independent Non-Executive Director
Dato' Dr. Suzana Idayu Wati Binti Osman (Resigned w.e.f 23/07/2025)	Member	Non-Independent Non-Executive Director

The Nominating and Remuneration Committee assists the Board in fulfilling the following functions:

(i) New Appointments, Re-election and Re-appointment

The Nominating and Remuneration Committee assists the Board in ensuring that the composition, structure, and performance of the Board and Senior Management support the strategic objectives of the Group. The Committee recommends the remuneration package for the Executive Director/GCEO to the Board for approval. The Executive Director abstains from deliberations and voting on matters pertaining to his own remuneration to ensure objectivity and transparency.

The Nominating and Remuneration Committee is comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Committee plays a central role in recommending suitable candidates for appointment to the Board and Board Committees, taking into account factors such as skills, knowledge, expertise, experience, time commitment, character, professionalism, independence, and integrity. In doing so, the Committee evaluates the balance of skills, knowledge, experience, diversity—including gender, age, and cultural background—on the Board and within Senior Management to ensure a well-rounded and effective leadership team.

The Committee also oversees the process of re-election and re-appointment of Directors, ensuring compliance with the Company's Constitution and the MMLR of Bursa Malaysia Securities Berhad. Newly appointed Directors during the year are required to offer themselves for re-election at the next Annual General Meeting following their appointment. In addition, the Committee evaluates and recommends the appointment, promotion, and, where necessary, termination of the Executive Director, GCEO, and Key Senior Management. The Committee ensures that each Director, the GCEO, and key senior management possess the requisite character, experience, integrity, competence, and time to effectively discharge their roles in accordance with Paragraph 2.20A of the MMLR, Section 198 of the Companies Act 2016, and Paragraph 15.05 of the MMLR prior to appointment.

(ii) Evaluation

The Nominating and Remuneration Committee establishes clear and appropriate criteria for the annual assessment of the Board. It conducts a comprehensive evaluation of the effectiveness and competencies of the Board as a whole, the performance of Board Committees, and the contribution of each individual Director. In addition, the Committee undertakes an annual assessment of the independence of the Independent Directors to ensure that they continue to provide objective and impartial judgement in Board deliberations.

(iii) Succession Planning and Training

The Nominating and Remuneration Committee establishes appropriate succession plans for both the Board and senior management to ensure continuity in leadership and the long-term sustainability of the Group. In addition, the Committee reviews the training needs of the Board, ensuring that Directors have access to relevant programmes, seminars, and workshops to continuously enhance their knowledge, skills, and competencies in line with regulatory requirements and corporate governance best practices.

(iv) Remuneration

The Nominating and Remuneration Committee establishes formal and transparent remuneration policies and procedures to attract and retain high-calibre Board members and senior management within the Group. The Committee reviews and recommends to the Board the remuneration packages for the Executive Director, GCEO, and Senior Management. In doing so, it considers the goals and objectives of the GCEO and Executive Directors, assessing their performance against these objectives and evaluating their contribution to both the Company's short-term and long-term corporate strategy. The Committee also reviews and recommends to the Board the annual increments and bonuses for Executive Directors and the senior management team to ensure that the remuneration framework remains competitive, performance-driven, and aligned with the Group's strategic objectives.

(v) Additional duties and responsibilities

The Nominating and Remuneration Committee also carries out other responsibilities, functions, or assignments as may be jointly defined by the Committee and the Board from time to time. In addition, the Committee ensures compliance with any other responsibilities as guided by the MMLR of Bursa Malaysia Securities Berhad and the MCGG 2021, maintaining alignment with regulatory requirements and corporate governance best practices.

The terms of reference of the Nominating and Remuneration Committee is provided in the Company's [website at www.encorp.com.my](http://www.encorp.com.my).

During the financial year ended 31 December 2025, the Nominating and Remuneration Committee deliberated on key matters, including the annual assessment of the effectiveness and competencies of the Board as a whole, the performance of Board Committees, and the contribution of individual Directors. The Committee also evaluated the independence of each Independent Director, identified appropriate training and education programmes for the Board, and considered the expectations regarding Directors' contributions. In addition, the Committee recommended to the Board the proposed Directors' fees, benefits, and allowances for approval by shareholders at the Annual General Meeting, as well as the re-election and retention of Directors. The Committee also oversaw key leadership transitions within the Group, including the cessation of the Acting GCEO role and the subsequent appointment of a permanent GCEO, as well as the appointment of the Group Chief Operating Officer ("GCOO"). Other matters deliberated included the review of the Group's corporate structure to support its strategic objectives.

Policies and Procedures

The Executive Director/GCEO/GCFO/GCOO is not entitled to annual Directors' fees, nor are they entitled to receive any meeting allowances for attending Board or Board Committee meetings.

Non-Executive Directors are paid annual fees determined by the Board and approved by the Shareholders at the AGM. Attendance allowances are also provided for each Board or Committee meeting attended.

The Directors' Remuneration Policy, adopted by the Board and last reviewed and renamed as Remuneration Policy on 30 November 2023, aims to attract, develop, and retain high-performing and motivated Directors through a competitive remuneration package.

The remuneration of Directors for the financial year ended 31 December 2025 is as follows:

Group	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Mohd Yusmadi Bin Mohd Yusoff	221.7	16.2	-
Mahadzir Bin Mustafa (Resigned w.e.f 21/02/2025)	16.9	2.6	-
Nor Azira Binti Abu Bakar (Appointed w.e.f 27/03/2025)	73.2	11	-
Datuk Haji Jaafar Bin Abu Bakar (Retired w.e.f 25/06/2025)	86.6	17.6	-
Tuan Haji Lukman Bin Abu Bakar (Retired w.e.f 25/06/2025)	83.3	19.9	-
Muhammad Fitri Bin Othman (Appointed w.e.f 15/07/2025)	44.4	8.6	-
Dato' Dr. Suzana Idayu Wati Binti Osman (Resigned w.e.f 23/07/2025)	73.3	15.5	-
Dr Wan Ahmad Rudirman Bin Wan Razak (Appointed w.e.f 23/07/2025)	80.1	9.1	-
Zaina Diana Binti Zinal (Appointed w.e.f 18/08/2025)	60.6	6.6	-

Company	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Mohd Yusmadi Bin Mohd Yusoff	164.7	14.5	-
Mahadzir Bin Mustafa (Resigned w.e.f 21/02/2025)	14	2	-
Nor Azira Binti Abu Bakar (Appointed w.e.f 27/03/2025)	73.2	11	-
Datuk Haji Jaafar Bin Abu Bakar (Retired w.e.f 25/06/2025)	71.6	17	-
Tuan Haji Lukman Bin Abu Bakar (Retired w.e.f 25/06/2025)	71.6	19.3	-
Muhammad Fitri Bin Othman (Appointed w.e.f 15/07/2025)	38.8	8	-
Dato' Dr. Suzana Idayu Wati Binti Osman (Resigned w.e.f 23/07/2025)	73.3	15.5	-
Dr Wan Ahmad Rudirman Bin Wan Razak (Appointed w.e.f 23/07/2025)	63.4	8	-
Zaina Diana Binti Zinal (Appointed w.e.f 18/08/2025)	53.4	6	-

Senior Management Remuneration

Practice 8.2 of the Code recommends that the Company disclose, on a named basis, the top five (5) Senior Management's remuneration components, including salary, bonus, benefits in kind, and other emoluments, in bands of RM50,000. The Board is of the view that such disclosure may give rise to recruitment and talent retention challenges.

Accordingly, the remuneration for the top five (5) Senior Management for the financial year ended 31 December 2025 ranged as follows:

Remuneration range (RM)	No. of Senior Management
150,000 - 200,000	1
200,001 - 250,000	0
250,001 - 300,000	1
300,001 - 350,000	1
350,001 - 400,000	0
400,001 - 450,000	0
450,001 - 500,000	1
500,001 - 550,000	1
550,001 - 600,000	0

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee ("ARGC") is comprised of three (3) members, consisting of two (2) Independent Non-Executive Directors and one (1) Non-Independent Director, all appointed by the Board. The Committee operates under written terms of reference that clearly define its authority and duties.

The Terms of Reference and Report of the Audit, Risk and Governance Committee are also provided in this Annual Report and website at www.encorp.com.my.

The ARGC assists the Board in fulfilling its oversight responsibilities by reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, with particular attention to the appropriateness of accounting policies and compliance with regulatory requirements. The Committee also reviews the scope and results of the external audit, the audit process, and the Group's system of internal control and risk management to ensure its adequacy and effectiveness.

The ARGC currently comprises the following members:

Name	Designation	Directorship
Dr Wan Ahmad Rudirman Bin Wan Razak (Appointed w.e.f 23/07/2025)	Chairman	Independent Non-Executive Director
Zaina Diana Binti Zinal (Appointed w.e.f 18/08/2025)	Member	Independent Non-Executive Director
Nor Azira Binti Abu Bakar (Appointed w.e.f 27/3/2025)	Member	Non-Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar (Retired w.e.f 25/06/2025)	Chairman	Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar (Retired w.e.f 25/06/2025)	Member	Independent Non-Executive Director
Mahadzir Bin Mustafa (Resigned w.e.f 21/02/2025)	Member	Non-Independent Non-Executive Director

Further information on the Audit, Risk and Governance Committee and its activities for the financial year ended 31 December 2025 is provided in this Annual Report.

Relationship with External Auditors

Through the Audit, Risk and Governance Committee, the Group has established and maintained a transparent and professional relationship with the external auditors in seeking professional advice and ensuring compliance with applicable laws and regulations. The external auditors were invited to attend the Audit, Risk and Governance Committee meetings, where necessary, to provide their views on the state of affairs of the Company. The external auditors also highlight to the Board any material deficiencies relating to the Group's system of internal control and compliance matters.

The Company has established an External Auditors Policy to assess and monitor the performance of the external auditors. The Audit, Risk and Governance Committee reviewed and recommended to the Board enhancements to the External Auditors Policy, including the incorporation of an annual assessment to evaluate the auditors' performance on a yearly basis. The External Auditors Policy was last reviewed on 30 August 2023 to reflect these updates accordingly.

The Audit, Risk and Governance Committee has assessed the independence of Ernst & Young PLT and was satisfied with their competency and independence.

II. Risk Management and Internal Control Framework

Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and members of the Group's senior management. The Risk Management Committee reports to the Audit, Risk and Governance Committee on a quarterly basis. The Audit, Risk and Governance Committee assists the Board in providing oversight over the Group's risk management framework and reviews the adequacy of compliance and internal control processes across the Group.

Internal Control

The Board of Directors recognises the pivotal role of a robust system of internal control in safeguarding the Group's operations and supporting the achievement of its strategic objective of maximising shareholders' value. To this extent, the importance of a strong internal control environment has been embedded into the Group's culture through the collective efforts of the Board and Management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit, Risk and Governance Committee. The Group's Statement on Risk Management and Internal Control is set out in this Annual Report.

Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle-Blowing Policy to provide a structured and effective mechanism for employees to report serious malpractice or misconduct internally without fear of reprisal. This policy provides a safe and appropriate platform for employees to raise concerns relating to illegal, unethical or improper business conduct that may affect the Group.

A complainant is required to report immediately upon having reasonable grounds to believe that a wrongdoing has been committed, is being committed or is likely to be committed. Reports may be made by meeting or contacting any staff of the Risk, Governance and Integrity Department, or by submitting a written report delivered by hand or by mail addressed to the Chairman of the Audit, Risk and Governance Committee.

The Board and Management provide assurance that the identity of whistle-blowers will be kept strictly confidential and that whistle-blowers will not be subjected to any form of retaliation or detrimental action for raising concerns in good faith. However, this assurance does not extend to individuals who maliciously make false or unsubstantiated allegations. Where an investigation is deemed necessary, the investigation team shall be granted full access to relevant personnel, documents and evidence as required to conduct the investigation in accordance with the authority conferred by the Board.

The Whistle-Blowing Policy is available on the Company's website at www.encorp.com.my.

Anti-Bribery and Corruption Guideline (“ABAC Guideline”)

The Board has also adopted an Anti-Bribery and Corruption (“ABAC”) Guideline to ensure that adequate procedures are in place to prevent persons associated with the Group from engaging in corrupt practices in connection with the Group’s business activities.

The ABAC Guideline is provided on the Company’s website at www.encorp.com.my.

Internal Audit Function

The Audit, Risk and Governance Committee is supported by an in-house Internal Audit function in the discharge of its duties and responsibilities. The Internal Audit Unit conducts regular reviews on the adequacy and effectiveness of the Group’s system of internal controls and risk management processes, as well as the appropriateness and effectiveness of the Group’s corporate governance practices, in accordance with procedures approved by the Audit, Risk and Governance Committee.

Further details on the Internal Audit function are set out in this Annual Report.

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

I. Communication with Stakeholders

The Company strictly adheres to the disclosure requirements under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The financial results of the Company are announced on a quarterly basis to Bursa Securities via Bursa Link, and material transactions and events are disclosed in a timely manner in accordance with the applicable requirements.

The Company recognises the importance of effective communication with shareholders, investors and the public at large. In this regard, the Company keeps shareholders, investors and the public informed through timely announcements, the release of quarterly financial results, annual reports, circulars and general meetings. In line with the practices under the Code, a Stakeholders’ Communication Policy has been implemented to govern the process of managing and responding to queries from the Company’s stakeholders.

The Company maintains regular and effective engagement with its shareholders and stakeholders through, among others, responding to shareholders’ and investors’ email and telephone enquiries, convening general meetings and participating in other Company events. The Notice of the Company’s Annual General Meeting provides shareholders with information on the details of the AGM, their entitlement to attend, their rights to appoint a proxy and the eligibility of persons appointed as proxies.

The Company’s website features a dedicated section that provides relevant information on the Company and is accessible to the public. While the Company endeavours to provide comprehensive and timely information to its shareholders and stakeholders, it remains mindful of the legal and regulatory framework governing the disclosure of material information.

II. Corporate Disclosure Policy

The Board has formalised a Corporate Disclosure Policy (“CDP”) to ensure accurate, timely, consistent and fair disclosure of corporate information, thereby enabling informed and orderly market decisions by investors and stakeholders. The CDP sets out the policies and procedures governing the disclosure of material information of the Group. The CDP applies to all Directors and employees of the Group.

III. Conduct of General Meetings

The AGMs serve as the principal platform for shareholders to engage the Board and Management through constructive two-way communication. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedback to the Board and Management.

Encorp successfully convened its Twenty-Fifth Annual General Meeting (“25th AGM”) on a fully physical basis, held on 25 June 2025 at SPACEHUB, Encorp Strand Mall. Shareholders and proxies attended in person and were able to vote during the AGM. Shareholders and proxies were also able to submit questions and engage with the Board directly during the meeting.

Proper notice of an AGM or any general meeting is at all times dispatched to shareholders at least 21 days prior to the meeting, unless otherwise required by law, to provide sufficient time for shareholders to review and evaluate the matters to be considered. Notwithstanding this, the Code recommends that the notice of an AGM be provided to shareholders at least 28 days in advance. In line with this, the Notice convening the 25th AGM was issued to shareholders on 30 April 2025, more than 28 days prior to the AGM date. Each item of special business included in the notice of meeting was accompanied by a full explanatory statement for the proposed resolution to facilitate shareholders’ understanding and evaluation of the issues involved.

During the AGM, the Board actively encouraged shareholder participation through a question-and-answer session, with the Chairman of the Board and members of the Audit, Risk and Governance Committee and the Nominating and Remuneration Committee present to provide meaningful responses. Shareholders had direct access to the Board during the proceedings and were able to raise questions on the proposed resolutions or on the Group’s operations generally. Shareholders who were unable to attend were allowed to appoint proxies to attend and vote on their behalf in accordance with the Company’s Constitution. The Board members in attendance and the external auditors, where required, endeavoured to address all questions raised by shareholders during the meeting. All questions posed by shareholders were duly attended to by the Board and/or Management.

Following the conclusion of the AGM, the minutes of the AGM together with a summary of the question-and-answer dialogue were published on the Company’s corporate website for public access. The minutes of the AGM were made available to shareholders within 30 business days after the 25th AGM at www.encorp.com.my.

Future Priorities

The Board will continue to enhance the Company’s corporate disclosure practices in the best interests of its shareholders and stakeholders in the coming years. The areas to be prioritised will include those principles that have not yet been adopted by the Company, as disclosed in the Corporate Governance Report 2025.

This Corporate Governance Overview Statement was approved by the Board of Directors on 8 April 2026.

A D D I T I O N A L C O M P L I A N C E

INFORMATION

PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Audit and Non-Audit Fees

During the financial year under review, the fees paid / payable to the external auditors, Ernst & Young PLT and its affiliated companies in relation to the audit and non-audit services rendered to Encorp Berhad and its subsidiaries are as follows:

	Group (RM'000)	Company (RM'000)
Statutory audit services provided by Ernst & Young PLT	284	85
Non-audit services provided by Ernst & Young PLT	22	10
Advisory services provided by affiliates of Ernst & Young PLT	N/A	N/A
Total	306	95

Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions for the sale of properties in the ordinary course of business with related parties ("Recurrent Transactions") at the 25th Annual General Meeting held on 25 June 2025.

There were no Recurrent Transactions conducted during the financial year ended 31 December 2025.

Utilisation of Proceeds

During the financial year ended 31 December 2025, there were no proceeds raised by the Company from corporate proposals.



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A U D I T , R I S K A N D G O V E R N A N C E

COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit, Risk and Governance Committee (“ARGC”) for the financial year ended 31 December 2025 (“FYE 2025”).

MEMBERSHIP AND MEETINGS OF THE ARGC

During the financial year ended 31 December 2025, the ARGc convened six (6) meetings, which were attended by the members as set out in the table below:-

Name of Members	Directorship	No. of Meetings Attended
Dr Wan Ahmad Rudirman Bin Wan Razak <i>(Appointed w.e.f 23/07/2025)</i>	Chairman, Independent Non-Executive Director	2/2
Zaina Diana Binti Zinal <i>(Appointed w.e.f 18/08/2025)</i>	Independent Non-Executive Director	2/2
Nor Azira Binti Abu Bakar <i>(Appointed w.e.f 27/03/2025)</i>	Non-Independent Non-Executive Director	3/3
Datuk Haji Jaafar Bin Abu Bakar <i>(Retired w.e.f 25/06/2025)</i>	Chairman, Independent Non-Executive Director	4/4
Haji Lukman Bin Abu Bakar <i>(Retired w.e.f 25/06/2025)</i>	Independent Non-Executive Director	4/4
Mahadzir Bin Mustafa <i>(Resigned w.e.f. 21/2/2025)</i>	Non-Independent Non-Executive Director	1/1

The Group Chief Executive Officer (“GCEO”), Group Chief Financial Officer (“GCFO”), Group Chief Operating Officer (“GCOO”), the Head of Risk & Governance Management and the representatives from the external auditors and internal auditors and/or advisor also attended the meetings at the invitation of the ARGc. The Company Secretary acts as the secretary of the ARGc.

TERMS OF REFERENCE OF ARGC

Objective

The objective of the ARGc is to assist the Board in discharging its responsibility relating to the Group’s financial reporting, as well as, to assist the Board in fulfilling its fiduciary duties in relation to governance, ethics and risk management.

Composition

The Board shall appoint the ARGc members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the ARGc members shall be independent directors.

The Board adopts the definition of “independent director” as defined under the Main Market Listing Requirements (“Main Market LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

All members of the ARGc shall be financially literate and at least one (1) member must be:-

- (a) a member of the Malaysian Institute of Accountants (“MIA”); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience; and
 - he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the ARGC. A former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least three (3) years before he/she is eligible for appointment as a member of the ARGC.

If a member of the ARGC resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall fill the vacancy within three (3) months.

Chairman

The members of the ARGC shall elect a Chairman from amongst their number who shall not be the Chairman of the Board and who is an independent director. In the absence of the Chairman, the other members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Secretary

The Company Secretary shall be the Secretary of the ARGC and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Notice of Meeting, Agenda and Board Papers

The Company Secretary prepares the notice of meeting and agenda for each meeting. The Company generally adopts the Constitution of the Company for disseminating notice of meeting and agenda. The appropriate preparatory Board papers are sent to the Board members at least five (5) business days in advance of the meetings to allow adequate meeting preparation.

Meetings

The ARGC shall meet regularly and hold at least four (4) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. ARGC meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the members as a whole to participate for the entire duration of the meeting.

Upon the request of the external auditors, the Chairman of the ARGC shall convene a meeting of the ARGC to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.

The Chairman of the ARGC shall engage on a continuous basis with senior management, such as the GCEO, the GCFO, the GCOO, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The GCEO, the GCFO, the GCOO, a representative of the internal auditors and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARGC.

The ARGC shall be able to convene meetings with the external auditors without the presence of other directors and employees at least once a year.

Questions arising at any meeting of the ARGC shall be decided by a majority of votes of the members present.

A member of the ARGC shall abstain from discussion or deliberation and voting on matters which give rise to an actual or perceived conflict of interest for him/her.

Resolution in Writing

A resolution in writing, signed by all the members of the ARGC for the time being entitled to receive notice of a meeting of the ARGC, shall be as valid and effectual as if it had been passed at a meeting of the ARGC duly convened and held.

Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARGC and also to the other members of the Board. The Chairman of the ARGC shall report on each meeting to the Board.

The minutes of the ARGC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Quorum

In order to form a quorum for the ARGC meeting, the majority of members present must be independent directors.

Authority

The ARGC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties;
- (c) obtain independent professional or other advice; and
- (d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.

Where the ARGC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market LR of Bursa Securities, the ARGC shall promptly report such matter to Bursa Securities.

Duties

The duties of the ARGC shall be:-

(a) oversee all matters relating to external audit

- to discuss with the external auditors where necessary, the nature and scope of the audit and ensure co-ordination of audits where more than one audit firm is involved;
- to discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (In the absence of management, where necessary);
- to review with the external auditors, their management letter and management's response, the external auditors' report and the audited financial statements before the same are presented to the Board for approval;
- to review with the external auditors, their evaluation of the systems of internal control and risk management framework of the Group;
- to consider the appointment of external auditors taking into consideration, amongst others, the suitability, independence, experience, resource and objectivity as well as the appropriateness of their audit fees as recommended by the management;
- to assess the suitability and independence of external auditors in respect of the provision of audit and non-audit services to the Group and the Company in accordance with the terms of all relevant professional and regulatory requirements;
- to annually assess the performance of the external auditors and report to the Board on the independence of the external auditors and obtaining their assurance on the continued registration with Audit Oversight Board;
- to consider any letter of resignation of external auditors and any questions of resignation and dismissal;
- to review the level of assistance given by the employees of the Group to the external auditors; and
- to undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

(b) oversee all matters relating to internal audit

- to review and ensure that the Company and Group maintains a sound and effective system of internal controls and risk management framework;
- to review the adequacy of the scope, functions, competency, experience and resources of the internal audit function;
- to ensure the internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits;
- to review and approve the internal audit plan and internal audit annual budget;

- to ensure co-ordination of external audit with internal audit;
- to review major findings of internal audit reviews and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the member of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/ her reasons for resigning.

(c) review of financial statements

To review the quarterly and year end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant audit issues and adjustments arising from audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Main Market LR of Bursa Securities and other legal requirements.

(d) review of systems of internal control and risk management

- to review the reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control systems in mitigating risks;
- to review and recommend the risk management policy, procedures and risk management framework to the Board;
- to review the effectiveness of the risk management framework and to ensure that the framework adopted is based on an internationally recognised risk management framework that is able to identify, assess, manage and monitor significant financial and non-financial risks in a regular and timely manner;
- to provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group;
- to communicate to the Board the critical risks (present & potential) the Group faces, their profile change (if any) and the management action plans to manage these risks; and
- to conduct annual review and periodic testing of the Group's internal control and risk management framework.

(e) governance responsibilities

- to review the Group's governance framework as guided by the Malaysian Code of Corporate Governance and other best practices in corporate governance;
- to review the Group's policies to support the implementation of the Group's governance framework; and
- to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements.

(f) additional duties and responsibilities

- to review any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- to verify the allocation of Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") in compliance with the criteria as stipulated in the by-laws of the ESOS and ESGS of the Company, if any; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the ARGC and the Board from time to time.

Review of Committee

The Nominating and Remuneration Committee shall review the term of office and performance of the ARGC and each of its members at least once a year to determine whether the ARGC and its members have carried out their duties in accordance with the terms of reference and thereafter make its recommendations to the Board for consideration.

The ARGC shall review its terms of reference periodically and recommend any changes it considers necessary.

TRAINING

The ARGC members attended the following training programmes, seminars and conferences during the year to acquire relevant knowledge to enable them to discharge their duties effectively:-

1. Mandatory Accreditation Programme Part I
2. Mandatory Accreditation Programme Part II: Leading for Impact (LIP).

SUMMARY OF ACTIVITIES OF THE ARGC DURING 2025

In accordance with its Terms of Reference, the ARGC undertook the following activities during the year:

- Reviewed the quarterly unaudited financial statements of the Company and the Group for the financial quarters ended 31 December 2024, 31 March 2025, 30 June 2025 and 30 September 2025 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities. The review focused particularly on:-
 - Any change in or implementation of accounting policies and practices;
 - Significant adjustments arising from the audit, if any;
 - The going concern assumption;
 - Significant and unusual events; and
 - Compliance with accounting standards and other legal requirements.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2024 with Management and the external auditors before recommending it to the Board for approval and release to Bursa Securities.
- Reviewed and discussed Management Accounts with Management.
- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated on quarterly basis by the Risk Management Unit.
- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.
- Assessed the performance of the external auditors, including their suitability and independence and recommended the same to the Board for re-appointment.
- Met with the external auditors two (2) times without the presence of the Executive Board members and Management and no major issues were highlighted.
- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.
- Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report, ARGC Report and Statement on Risk Management & Internal Control and Statement of Sustainability to the Board for approval.
- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2025.
- Reviewed related party transactions entered into by the Group.
- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- Discussed the implication of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Reviewed and recommended the Company Corporate Strategy Blueprint, Business Plan and Budget 2026.
- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING 2025

The Internal Audit ("IA") function of the Company is performed fully in-house by the Internal Audit Unit, which reports directly to the Audit, Risk and Governance Committee ("ARGC"). The IA function provides independent assurance on the adequacy and effectiveness of the Group's risk management, internal control, and governance processes.

During the financial year ended 31 December 2025, all audit activities, including routine audits and special reviews, were conducted internally using a risk-based audit approach. No external internal audit service provider was engaged. However, the Internal Audit Unit may collaborate with independent external consultants, where necessary, to provide professional advice or specialised expertise.

The internal audit reports issued during FYE 2025 covered the following areas:-

Six Special Reviews conducted based on Management concerns on risks, governance and control.

Routine Internal Control Reviews:

- Procurement and Contract Administration for Lamanda Chuping, Tilia Encorp Cahaya Alam and Cahaya Kristal Projects
- Procurement and Contract Administration for Replantation and Business Development Unit
- Accounts Payable, Budgeting and Cash Flow Management

Ongoing Audit:

- Internal Control Review on Leasing and Rental Management

Audit reports were presented to the ARGC, highlighting audit findings and recommendations for improvement. Follow-up reviews were also conducted to monitor the implementation of corrective actions.

All internal audit activities during FYE 2025 were carried out fully in-house, and no internal audit outsourcing costs were incurred.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board of Directors of Encorp Berhad (“the Board”) is pleased to present this Statement on Risk Management and Internal Control (“the Statement”) for the financial year ended 31 December 2025. This Statement has been prepared in accordance with Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). It is also aligned with Part II Principle B, Intended Outcome 10.0, Practices 10.1 and 10.2, and Guidance 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021 (“MCCG”) as well as the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”).

This Statement outlines the nature, framework and key components of the Group’s risk management and internal control systems and how these systems are embedded across the Group’s operations. It also describes the governance structures, processes and continuous improvement initiatives undertaken to support the achievement of the Group’s strategic objectives while safeguarding stakeholders’ interest.

RESPONSIBILITY AND ACCOUNTABILITY

AT BOARD LEVEL

THE BOARD

The Board of Directors reaffirms its commitment and overall responsibility for maintaining a sound risk management framework and internal control system across Encorp Berhad (“ENCORP” or “the Company”) and its subsidiaries (“the Group”). In fulfilling its fiduciary and stewardship responsibilities, the Board ensures that principal risks are identified and that appropriate risk management and internal control systems are implemented to safeguard shareholders’ investment, protect the Group’s assets and support the achievement of the Group’s strategic objectives, in line with the requirements of the MCCG.

The Board has embedded the Group’s risk management and internal control framework into the activities, initiatives and processes of ENCORP and its subsidiaries. This Framework, which has been formally approved by the Board, provides a structured approach for identifying, assessing, mitigating and monitoring key business risks faced by the Group.

While the framework is designed to minimise risks that could adversely affect the Group’s ability to achieve its business objectives and strategies, the Board recognises that inherent limitations exist. Accordingly, the Group’s risk management and internal control systems provide reasonable, but not absolute, assurance against material financial misstatement, lapses in management information and records, financial loss or fraud. As the operating environment continues to evolve, the Board remains committed to regularly reviewing and strengthening the framework to ensure its relevance and robustness. Nevertheless, the Board is satisfied that appropriate measures are in place to ensure that significant risks are maintained within acceptable levels as approved by the Board.

The Board confirms that an ongoing process for identifying, evaluating and managing significant risks has been in place throughout the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The Board, either as a whole or through delegation to the Audit, Risk and Governance Committee (“ARGC”) and the Risk Management Committee (“RMC”) performs periodic reviews of the adequacy and effectiveness of the Group’s risk management and internal control systems.



Please refer to the Corporate Governance Overview Statement on pages 123 to 136 of this Annual Report for the full list of responsibilities of the Board.

AUDIT, RISK AND GOVERNANCE COMMITTEE (“ARGC”)

Chaired by an Independent Director and guided by its Term of Reference (“TOR”), the ARGC plays a pivotal role in supporting the Board’s oversight of the Group’s corporate governance principles, risk management and internal control framework. The ARGC also oversees the integrity of financial and non-financial reporting, the adequacy of anti-bribery and corruption controls, and the Group’s sustainability governance in alignment with its long term strategy direction.

Key responsibilities of the ARGC include:

- **External Audit Oversight:** Oversees all matters relating to the external audit, including the review and coordination of audit plans and findings; evaluation of internal control and risk management observations; assessment of the suitability, independence and performance of the external auditors; review of audit fees; and consideration of auditor appointment, reappointment or resignation. The ARGC also ensures the Management provides full cooperation and that members remain current with relevant accounting and auditing developments through continuous professional education.
- **Internal Control and Internal Audit Oversight:** Ensure that the Company and the Group maintain a sound and effective internal control and risk management system. This includes oversight of the adequacy, independence, resources and performance of the internal audit function; review and approval of the internal audit plan and budget; monitoring of major audit findings and management's responses; coordination of internal and external audit activities; and oversight of internal audit human resource matters, including appointments, terminations and resignations.
- **Financial Reporting Review:** Reviews the Group's quarterly and annual financial statements prior to submission to the Board, with particular focus on changes in accounting policies, significant audit issues and adjustments, going concern considerations and compliance with applicable accounting standards, regulatory requirements, Bursa Malaysia's MMLR and other legal obligations.
- **Risk Management Oversight:** Oversees the adequacy and integrity of the Group's internal control and risk management systems by reviewing risk reports, assessing and recommending policies and frameworks based on internationally recognised standards and monitoring the effectiveness of risk identification and mitigation processes. The ARGC also guides the Group's overall risk strategy, communicates critical current and emerging risks to the Board together with Management's action plans and performs annual reviews and periodic assessments of the risk management and internal control framework.
- **Governance and Compliance Oversight:** Reviews the Group's governance framework to ensure alignment with the MCCG and best practices, evaluates governance related policies and monitors compliance with all legal, regulatory and listing requirements.
- **Related Party Transactions:** Reviews related party transactions and potential conflicts of interest to uphold ethical and transparent business conduct.

The ARGC is committed to fostering a culture of strong governance, ethics and integrity across the Group. This includes oversight of the Group's integrity, governance and anti-corruption programmes, such as the Whistleblowing Policy and Guidelines, in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

In relation to risk management, the Committee supports the Board by ensuring that the Group maintains a robust and effective risk management framework and that sustainability and governance initiatives are aligned with the Group objectives.

The ARGC meets regularly to review key matters and reports its findings and recommendations to the Board for consideration and approval.

During the financial year, the ARGC's activities included reviewing the Group's risk and mitigation plans, evaluating internal audit findings, overseeing integrity and compliance initiatives.



Please refer to the Audit, Risk and Governance Committee Report on pages 139 to 143 of this Annual Report for the full list of responsibilities of the ARGC.

ADVISORY COMMITTEE ("AVCO")

The Advisory Committee was established by the Board in 2024 to provide independent advice and support during a period of organisational transition, with the objective of strengthening governance oversight and risk management. The Committee functioned strictly in an advisory capacity and did not assume any executive or operational responsibilities, which remained under the purview of Management.

In 2025, following the appointment of the new Group Chief Executive Officer ("GCEO") and the stabilisation of the Group's management and operating structure, the Board reviewed the continued need for the Advisory Committee as part of its ongoing assessment of governance effectiveness and risk oversight arrangements.

After due consideration, the Board concluded that the Advisory Committee had achieved its intended purpose and that its advisory functions could be effectively integrated into the existing management-led processes with continued oversight by the Board. Accordingly, the Board resolved to dissolve the Advisory Committee with effect from 17 July 2025.

The Board continues to maintain overall responsibility for the Group's system of risk management and internal control, and ensures that appropriate monitoring, reporting and escalation mechanisms remain in place. This approach is aligned with the Bursa Malaysia Listing Requirements and the principles and best practices set out in the Malaysian Code on Corporate Governance (MCCG 2021).

AT OPERATIONAL/IMPLEMENTATION LEVEL

MANAGEMENT

Management is accountable to the Board and is responsible for the effective implementation of the framework, policies and procedures to manage risks and maintain a system of internal controls across the Group.

In fulfilling these responsibilities, Management's duties include, but are not limited to, the following:

1. **Policy Implementation:** Implementing and executing all policies, frameworks and directions approved by the Board.
2. **Framework and System Design:** Designing, implementing and monitoring the effectiveness of the Group's risk management and internal control framework and systems.
3. **Risk Identification & Assessment:** Identifying and assessing risks in alignment with the Group's business objectives, strategies and overall risk appetite.
4. **Risk Mitigation & Control Implementation:** Developing, executing and overseeing controls, policies and procedures to manage key risks and mitigate their impact on the Group's operations.
5. **Continuous Risk Monitoring:** Proactively monitoring changes in the risk landscape, identifying emerging risks and implementing appropriate mitigation actions, while ensuring timely escalation to the Board where necessary.
6. **Corrective Action Implementation:** Taking timely corrective measures to address compliance gaps or deficiencies as directed by the Board.
7. **Risk Reporting:** Reporting to the Board on material changes to risk exposures, mitigation progress and corrective actions in a timely and transparent manner.
8. **Resource Allocation:** Ensuring sufficient resources namely people, systems, tools and training are allocated to support effective risk management and a robust internal control environment.
9. **Remedial Actions:** Implementing necessary remedial actions to address existing, new or emerging risks and deficiencies, in accordance with approved plans and/or Board directives.
10. **Culture of Integrity & Accountability:** Fostering and promoting a corporate culture that emphasises integrity, accountability, transparency and compliance.
11. **Policy Adherence & Compliance:** Ensuring adherence to all applicable policies and procedures, and promptly addressing any deficiencies or instances of non-compliance.

This structured approach ensures that the Group's risk management and internal control practices remain effective, responsive and aligned with its strategic direction, thereby supporting sustainable long-term performance.

AUDIT

A. Internal Audit Function

The Group's internal audit function is carried out by an in-house team that provides independent, objective and reasonable assurance, as well as internal consulting support, with the aim of enhancing value and improving the overall effectiveness of the Group's operations. The internal audit function supports the Group in achieving its strategic and operational objectives by adopting a systematic and disciplined approach in evaluating the adequacy and effectiveness of the Group's risk management, internal control and governance processes.

To ensure appropriate coverage of key risk areas, the annual internal audit plan is formulated based on the outcomes of the Group's risk management assessment, the established audit cycle and engagements with Senior Management. The proposed plan is reviewed and approved by the ARGCC, which also monitors the progress and completion of audit assignments on a quarterly basis. Internal audit findings, observations and recommendations are presented to the ARGCC each quarter for review, discussion and direction prior to being tabled to the Board.

Significant audit issues, together with recommended improvement measures are communicated to Senior Management and the ARGCC. Follow-up reviews are performed periodically to assess the status and adequacy of management's corrective and preventive action plans to ensure that identified control weaknesses are addressed effectively.

Further details of the Internal Audit activities undertaken for the financial year ended 31 December 2025 are disclosed in the Audit, Risk and Governance Committee Report on page 144 of this Annual Report.

B. External Auditors

The Group has appointed Messrs. Ernst & Young PLT as its external auditors. In ensuring the integrity and reliability of the Group's financial reporting, the ARGC exercises oversight over the external audit process.

The ARGC reviews and approves the external auditors' annual audit strategy, audit plan, scope of work and audit procedures for the financial year, covering both the statutory audit of the Group's financial statements and any permitted non-audit services. This process ensures that the external audit remains objective, comprehensive and aligned with the Group's risk profile and reporting requirements.

Further details of ARGC's oversight of the external auditor, including the nature of services rendered and the assessment of their independence and effectiveness, are provided in the Audit, Risk and Governance Committee Report.

RISK MANAGEMENT CULTURE

The Group Chief Executive Officer ("GCEO") holds ultimate responsibility and accountability for ensuring that risks are effectively identified, assessed and managed across the Group. Together, the GCEO and the Executive Leadership Team provide governance leadership by setting the strategic direction, defining the Group's risk appetite and reinforcing a strong "tone from the top" to cultivate a risk culture throughout the organisation.

In discharging their responsibilities, the GCEO and Executive Leadership Team actively consider risk implications when making strategic and tactical decisions and in overseeing the execution of the Group's business plans. They work closely with all levels of management to ensure that risks with potential to affect the Group's objectives and strategies are appropriately mitigated and to determine the level of residual risk that is acceptable to the Group.

The Group adopts a risk-based approach in managing its internal, external, operational and strategic risks, ensuring that risks are prioritised, monitored and managed based on their likelihood of occurrence and potential impact. This approach enables the Group to respond proactively to emerging risks, strengthen organisational resilience and support the sustainable achievement of long-term business objectives.

RISK MANAGEMENT FRAMEWORK

The Group demonstrates its commitment to strong risk and governance through the implementation of a comprehensive Enterprise Risk Management ("ERM") Framework, which forms an integral part of its overall corporate governance structure. The ERM Framework is aligned with internationally recognised standards, including ISO 31000 Risk Management – Principles and Guidelines and the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Enterprise Risk Management Framework.

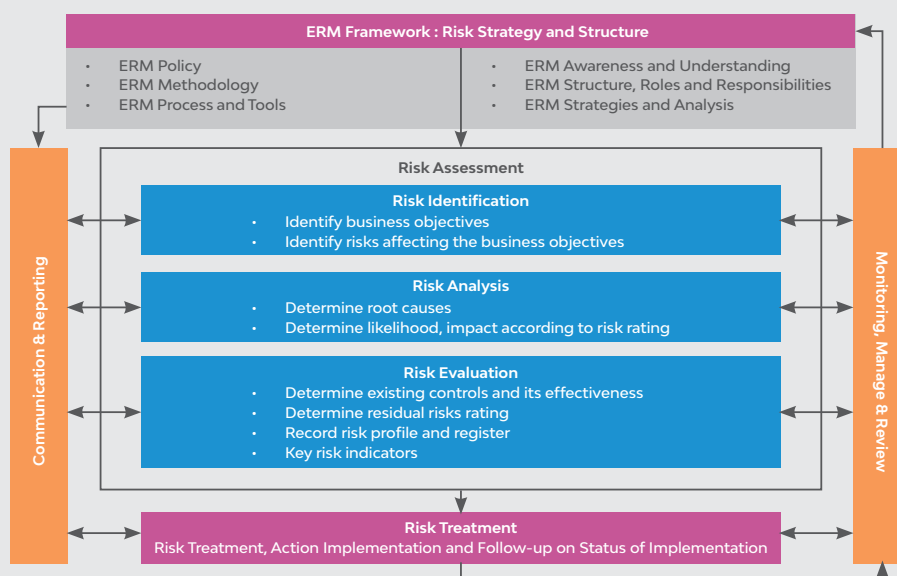







DIAGRAMME 1: RISK MANAGEMENT PROCESS

The ERM Framework provides a structured, systematic and discipline approach that integrates strategy, processes, people, technology and knowledge for the purpose of identifying, assessing, managing and monitoring risks that may affect the Group's ability to create and sustain value. It reinforces the principle that effective risk management is a shared responsibility, with every employee playing an essential role, from operational staff to the Executive Leadership Team and relevant stakeholders.

The Group is committed to fostering an organisational culture where risk management is embedded within all activities and business processes. By adopting a proactive approach to identifying and managing both risks and opportunities, the Group enables informed decision making, enhances organisational resilience and strengthens the likelihood of achieving its strategic and operational objectives.

ERM Framework Element		Description
	Risk Governance	Establish a clear and integrated approach that develops, supports and embeds risk strategy, roles and accountability across the organisation.
	Risk Assessment	Identify and analyse risks (including fraud risk) across the Group to determine their nature, likelihood and potential impact.
	Control Activities	Develop and implement control activities to mitigate the identified risk effectively.
	Information & Communication	Ensure continuous communications and information flow to support effective risk management.
	Monitoring Activities	Report, review and conduct monitoring activities to provide insight into the strengths and weaknesses of risk management.

ERM FRAMEWORK METHODOLOGY & OBJECTIVES

The primary objective of the Group's ERM Framework is to support the achievement of the Group's strategic objectives while safeguarding its resources, including its people, financial assets, property, knowledge base and reputation. In delivering this objective, the ERM Framework is designed to:

- Provide a structured and consistent approach to risk identification, assessment, mitigation, monitoring and reporting across the Group;
- Support informed decision making by ensuring that risk exposures are considered in the evaluation of business strategies and operational plans, while enabling the Group to harness opportunities that arise;
- Generate comprehensive risk profiles and reports that substantiate strategic deliberations and enhance management's ability to anticipate and respond to emerging risks;
- Create clear accountability for risk ownership, ensuring that employees at all levels understand their roles in managing the risks under their purview and in executing agreed mitigation plans;
- Facilitate timely and relevant risk communication through defined reporting structures, escalation procedures and levels of authority; and
- Provide assurance on the adequacy and effectiveness of internal controls through independent audit activities and continuous monitoring mechanisms.

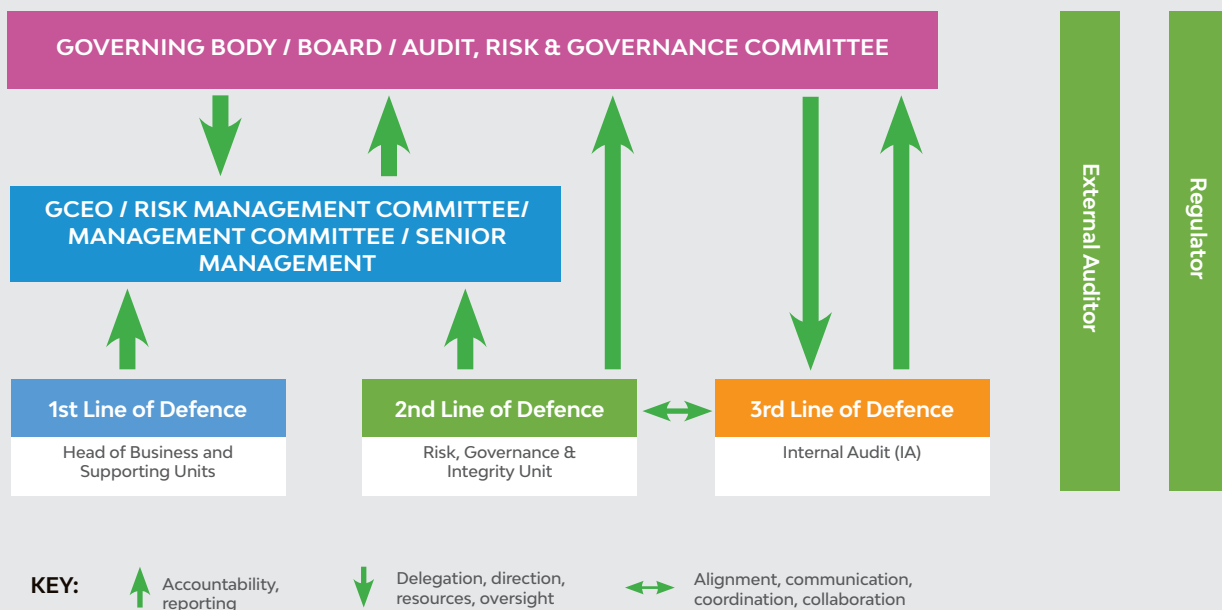
The Group acknowledges that its business activities inherently expose it to various risks, including operational, financial, governance and strategic risks. The overarching objective of the Group's risk management practices is to create and protect stakeholder value by effectively linking risks mitigation and opportunity enhancement to the achievement of performance targets.

The Group operates within an established ERM framework that is supported by defined and approved policies, procedures and guidelines. These documents ensure that risk management practices remain consistent, transparent and aligned with the Group's objectives.

THREE-TIER DEFENCE MODEL

The Group adopts a Three-Tier Defence Model (also referred to as the “three lines of defence” approach) which provides a structured and systematic framework for managing risks and ensuring effective internal control. This model integrates internal control policies and procedures, risk oversight and independent assurance, thereby enabling the Group to identify, assess, manage and mitigate risks in a comprehensive and coordinated manner. The model also supports appropriate risk reporting and disclosure practices across the Group.

Under this framework, each tier plays a distinct and complementary role within the Group’s governance, structure, as described below:



<p>1st line of defence comprises the Group’s business units and operational management, which are primarily responsible for day-to-day risk management activities.</p>	<p>2nd line of defence provides independent oversight of the 1st line and supports the Board and Management in establishing a consistent and effective risk management approach across the Group.</p>	<p>IA is the 3rd line of defence, which offers independent and objective assurance to the Board and the Audit, Risk & Governance Committee on the adequacy and effectiveness of the Group’s risk management and internal control systems.</p>
<ul style="list-style-type: none"> Identifying, assessing, managing and reporting operational, financial, compliance and strategic risks within their respective functions. Implementing and maintaining internal controls and compliance with approved policies, procedures and delegated authorities. Managing compliance and obligations. Ensuring key controls are implemented within business processes and are operating properly. Promoting risk awareness through training and communication to ensure staff understand their roles and responsibilities. 	<ul style="list-style-type: none"> Establishing, maintaining and enhancing the Group’s ERM framework. Monitoring adherence to ERM framework and relevant internal control policies. Providing advice, guidance and challenge to business units on risk identification, assessment and mitigation strategies. Reviewing and consolidating risk-related information for reporting to Management, the Risk Management Committee, Audit, Risk & Governance Committee and the Board. Ensuring emerging risks and significant risk exposures are escalated appropriately. 	<ul style="list-style-type: none"> Reviewing the design, adequacy and implementation of the ERM framework and internal control systems. Providing independent assessment of the effectiveness of internal control system. Conducting compliance review and testing of controls to ensure adherence to policies, procedures and regulatory requirements. Reporting audit findings, recommendations and management action plans to the Audit, Risk & Governance Committee (including follow-ups).

KEY RISK MANAGEMENT AND INTERNAL CONTROLS FEATURES

The Board and Management have established a system of internal controls and governance practices designed to support the achievement of the Group's strategic, operational and compliance objectives. Key features of these controls include the following:

A. Board Committees

To ensure effective oversight, the Board is supported by two (2) Board Committees, each governed by clearly defined Terms of Reference that set out their respective roles, responsibilities and authority. The committees are:

- **Audit, Risk and Governance Committee ("ARGC")** – responsible for oversight of financial reporting, internal controls, risk management, and internal and external audit matters.
- **Nominating and Remuneration Committee ("NRC")** – responsible for Board and senior management appointments, succession planning and remuneration policies.

These Committees review matters within their areas of responsibility and make recommendations to the Board to facilitate informed and timely decision-making.

Regular Board meetings are convened throughout the year to deliberate on performance, strategic issues, risks and key operational developments. The meeting agenda is determined by the Chairman in consultation with the GCEO, ensuring that all critical matters requiring Board attention are prioritised and address.

Board papers and supporting documents are circulated at least five (5) business days prior to each meeting, enabling Board members to review, analyse and seek clarification on matters ahead of deliberation. Where urgent matters arise, decisions are made only after all relevant information is provided to the Board and fully discussed, ensuring the integrity and proper decision-making process.

This structured governance framework enhances transparency, supports oversight of the Group's risk management and internal control systems and enables the Board to discharge its fiduciary and strategic responsibilities in a well-informed and timely manner.

B. Management Committees

The Group has established various Management Committees to ensure that day-to-day business operations are effectively aligned with the corporate objectives, strategies, business plans and budgets approved by the Board. These committees comprise members with diverse experience and expertise, enabling focused deliberation and timely responses to key operational, financial and risks.

The key Management Committees include, but are not limited to:

- **Management Committee** – oversees operational performance and strategic execution across the Group.
- **Risk Management Committee** – monitors and evaluates the Group's risk exposures, management actions and risk profiles.
- **Credit Control Committee** – monitors credit exposures and ensures the adequacy of credit control, collections and recovery efforts.
- **Project Steering Committee** – provides oversight, guidance and decision making for key projects.

C. Annual Business Plan, Budgets and Management Reports

Annual Planning and Budgetary Exercise

The Group's annual business plan and budget are developed by Management and subsequently deliberated and approved by the Board. Performance review against the approved plan and budget is monitored periodically and reported to the Board to enable timely responses, adjustments or corrective actions where necessary.

A mid-year review is conducted to evaluate the Group’s progress, reassess key assumptions and targets, and implement any required mitigation measures to ensure achievement of the Group’s objectives. The Group’s strategic direction is refined through a structured assessment process that considers changes in market conditions, emerging trends and significant business risks. This proactive approach enhances organisational resilience and ensures the Group remains agile and well positioned to capitalise on opportunities while addressing potential challenges.

Management and Board Monitoring and Reporting

Management and the Board reviews and monitors the performance of the Business Plan and Budget and ensures that proper and prompt actions are taken to address significant variances.

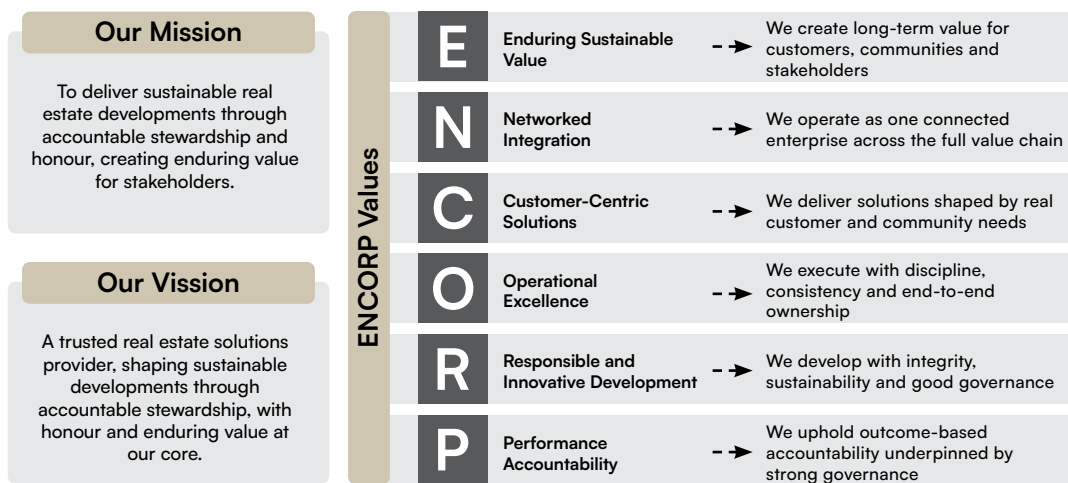
The ARGC reviews the Group’s quarterly financial statements and performance result before tabling to the Board, together with any observations or recommendations for further consideration and approval.

Comprehensive management and Board reports are provided to enable the Board to assess the Group’s progress against its strategic and operational plans. Through careful deliberates of these reports, the Board ensures that appropriate actions are taken to address issues and provides guidance to Management to support effective execution of the Group’s objectives.

D. Values, Code of Conduct and Group Policies

Mission, Vision and Values (“MVV”)

The Group’s Mission, Vision and Values (“MVV”) continue to anchor its strategic direction and shape the behavioural expectations of all employees. These principles form the foundation for all aspects of business conduct, operational decision making and stakeholder engagement.



These values continue to guide our governance approach by shaping a culture of integrity, discipline and performance.

Code of Conduct and Business Ethics Guidelines (“the Code”)

The Group has established and implemented its Code of Conduct and Business Ethics Guidelines (“the Code”) to reinforce its commitment to a strong culture of ethics, integrity and professionalism. The Code embodies the Group’s core values and establishes the standards of behaviour expected from all employees.

The Group remains steadfast in upholding the principles of the Code, which ensures:

- A positive, inclusive and respectful workplace culture.
- Protection of the Group’s assets, information and proprietary data.
- Transparent, honest and principled decision-making.
- Integrity in dealings with counterparties, business partners, customers, communities, joint venture partners and alliances.
- Ethical and responsible engagement with governments, regulators, political entities and non-governmental organisations (“NGO”).

The Code is reviewed periodically and when necessary to ensure it continued relevance and effectiveness in addressing emerging ethical issues and changes in the business environment.

Group Policies and Procedures

Key elements of the Group's internal control system are embedded within its policies and operating procedures. These policies are designed to ensure operational consistency, compliance, transparency and risk mitigation across the organisation.

The Group's policies and procedures:

- Clearly define roles, accountability and responsibilities for critical processes.
- Support standardised workflows and decision making.
- Promote operational excellence through structured controls.

Policies and Procedures are reviewed and updated periodically to ensure their continued relevance, alignment with regulatory expectations and ability to support the Group's evolving business needs.

Limits of Authority ("LOA")

Effective 27 February 2025, a revised Limits of Authority ("LOA") was approved by the Board to strengthen governance by clearly defining and formalising the roles, responsibilities and authority levels across the organisation.

The LOA:

- Reinforces accountability transparency and sound corporate governance.
- Ensures appropriate checks and balances through a proper approval structure.
- Governs the initiation, approval and execution of authorised transactions in line with the respective responsibility levels.
- Establish control and authorisation between the Board, Board Committees and Management.

The introduction of the revised LOA demonstrates the Group's commitment to continuous improvement and adoption of governance best practices. Its effectiveness is further supported by an organisational structure that aligns with operational and strategic priorities, ensuring clear accountability and enabling the achievement of the Group's long-term objectives.

E. Compliance, Ethics and Integrity

The Board recognises that fostering a strong compliance culture is fundamental to upholding the highest standards of integrity, accountability and ethical behaviour across the Group. The Group's policy and procedures is grounded in the principle of shared responsibility, whereby every employee regardless of role or seniority is expected to comply with all applicable laws, regulations, internal controls and organisational requirements.

The Group remains steadfast in its commitment to fulfilling all legal and regulatory obligations and undertakes corrective action upon detecting any instance of non-compliance. To support this commitment, the Group continually strengthens its compliance ecosystem through communication, awareness, monitoring, audit reviews and clear lines of accountability to ensure proper business conduct and decision-making.

Anti-Bribery and Corruption Guidelines

The Group maintains a strict zero-tolerance approach toward bribery and corruption in all business dealings. This stance demonstrates the Group's commitment to ethical conduct, transparency and compliance with applicable laws. The Group had established and implemented its Anti-Bribery and Corruption Guidelines which explicitly prohibit all forms of bribery and corrupt practices, in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

On 29 July 2025, the Group held the Encorp Integrity Day, where Board members, employees and business partners signed the Corruption-Free Pledge reaffirming the Group's dedication to cultivating a culture rooted in integrity, transparency and responsible business conduct.



For further details, please refer to page 57 of the Sustainability Statement.

Whistleblowing Policy and Guideline

The Group has established a Whistleblowing Policy and Guideline, supported by dedicated reporting channels to promote transparency, accountability and ethical conduct. This policy encourages employees and external stakeholders to raise concerns responsibly regarding any potential wrongdoing, malpractice or illegal activity within the Group. Individuals who report concerns in good faith are assured protection from retaliation, victimisation or discriminatory treatment.

Whistleblowing reports are reported to the ARGC, which determines the appropriate investigation approach, whether to undertake investigations internally or engage an external party. The ARGC receives regular updates on all whistleblowing cases, including progress and outcomes, and determines whether cases should be closed or if further remedial actions are required.

The Chairman of the ARGC provides regular updates to the Board on significant whistleblowing matters, ensuring continuous oversight, transparency and accountability at the highest governance level.

To enable effective management of whistleblowing cases, the policy outlines a structured and systematic process encompassing reporting, evaluation, investigation and resolution.

F. Human Capital Management and Development

The Human Resource ("HR") Policies and Procedures provide clear guidance on all aspects of human capital management and development, ensuring consistency, transparency and compliance across the organisation. These policies and procedures are reviewed periodically to maintain their relevance and effectiveness, while ensuring alignment with regulatory requirements and industry best practices.

To support its strategic objectives and workforce needs, the Group has implemented learning and development programmes designed to enhance employee competencies and promote continual growth. These programmes are tailored to business requirements and focus on equipping employees with the skills and knowledge necessary to perform effectively in a dynamic operating environment.

In line with its commitment to strengthening leadership capabilities, the Group has also curated structured leadership and talent development initiatives aimed at enhancing the competencies of existing leaders while nurturing emerging talent. These initiatives support the development of a robust leadership pipeline, enabling effective succession planning and ensuring organisational readiness to navigate future challenges.

G. Workplace Safety and Health

The Group remains committed to safeguarding the well-being of its workforce by upholding high standards of occupational safety and health across its construction sites and business premises. Internal controls for health and safety are essential to fostering a safe, compliant and productive working environment. These controls are embedded in comprehensive policies and procedures designed to prevent accidents, promote well-being and ensure full compliance with regulatory requirements.

A core component of the Group's safety and health framework is the conduct of regular risk assessments to identify potential hazards and implement proactive mitigation measures. These efforts are supported by continuous awareness programmes and targeted safety training to equip employees, contractors and stakeholders with the knowledge and competencies needed to uphold safe work practices in all operational areas.

The Group's in house Safety, Health and Environment ("SHE") Officer conducts regular health and safety audit to ensure a thorough evaluation of workplace conditions, including compliance checks for contractors operating on site. Systematic inspections and risk assessment facilitate the early detection of potential hazards, enabling prompt corrective action to reduce workplace risk and minimise safety incidents.

In addition, regular building maintenance and physical inspections of the Group's offices and sales galleries are conducted to ensure the safety and comfort of employees, customers and visitors.

For more information, please refer to pages 61 and 66 of the Sustainability Statement.

H. Vendor Pre-Qualification and Registration

The Group adopts a comprehensive vendor pre-qualification and registration process designed to ensure that all potential vendors meet its stringent policies, governance standards and operational requirements and ensure that all engagements uphold the Group's commitment to ethical and transparent business practices.

A robust risk assessment framework and compliance evaluation are applied to each potential vendor, benchmarking them against both regulatory obligations and internal compliance criteria. Through background checks, the Group proactively assesses key risk areas, including integrity, financial strength and operational capability.

This structured approach enables the Group to effectively mitigate risk associated with vendor engagement, safeguard business continuity and maintain the standards of ethical conduct throughout its supply chain.

I. Insurance

To safeguard its key assets, the Group has implemented comprehensive insurance coverage and physical protection measures to ensure adequate financial protection against potential losses arising from unforeseen events. In addition, the Group requires its main contractors to maintain appropriate insurance coverage at construction and operational sites, thereby mitigating risks of material losses resulting from accidents or other incidents.

To ensure continued adequacy and relevance, the Group conducts an annual review of its insurance policies prior to renewal, assessing coverage levels against evolving risks, operational changes and business needs.

J. Information Technology ("IT")

The Group's IT Policy outlines the requirements to maintain an adequate level of cybersecurity for all IT systems and information supporting the Group's operations. The Technology and Digital team continue to adopt industry best practices and recognised standards to enhance the effectiveness, reliability and security of the Group's information and communication systems.

With increasing digital adoption and the heightened threats landscape in cybersecurity, the Group conducts regular reviews on its cybersecurity controls and risk management processes. These reviews serve to strengthen the protection of information systems, networks and data. The Group's enterprise digital architecture is also subject to periodic cybersecurity assessments to identify vulnerabilities and address gaps in existing safeguards.

The Group has also implemented a Cybersecurity Awareness Training programme aimed at educating employees on cybersecurity best practices. This initiative enhances the Group's overall cybersecurity posture by empowering employees to recognise, report and mitigate potential cyber security risks.

In addition, the Group has implemented comprehensive management information systems that ensure relevant operational and financial data is captured, compiled, analysed and reported in a timely and accurate manner.

K. Quality Management System

The Group's Property Division continues maintains a robust Quality Management System ("QMS") as part of its commitment to strong internal controls, operational discipline and risk management excellence. The Division has maintained its ISO 9001:2015 accreditation since first attaining certification in 2017, reflecting the Group's ongoing efforts to embed quality centric practices across its processes.

In line with the ISO 9001:2015 framework, regular and systematic audits are carried out to ensure the continued effectiveness of the QMS and its alignment with operational needs. These audits are undertaken internally by the ISO function under the Compliance, Sustainability and Integrity Unit and externally by authorised certification bodies. Findings from these assessments are reviewed by management, with corrective and preventive actions implemented promptly to strengthen process controls, enhance consistency and mitigate operational risks.

Where applicable, the Group also incorporates additional external quality benchmarks to reinforce its delivery standards. This includes the adoption of the Quality Assessment System in Construction ("QLASSIC"), a recognised industry standard that provides an objective measure of workmanship quality. Leveraging such external accreditation and assessment systems enhances the Group's ability to identify gaps, elevate construction quality and ensure continuous improvement in project execution.

Collectively, these initiatives demonstrate the Group's commitment to maintaining a discipline quality environment that supports a strong internal control framework, safeguards stakeholders' interests and contributes to sustainable long-term performance.

L. Sustainability

The Group remains steadfast in its commitment to aligning business objectives with broader societal expectations by advancing environmental stewardship, social equity and economic resilience. Consistent with this commitment, the Group has established a Sustainability Reporting Framework that provides structured oversight of sustainability related risks and opportunities. This framework involves the Board, Management and relevant operational committees, enabling effective governance, monitoring and integration of sustainability considerations into strategic decision making for long-term value creation.

The Compliance, Sustainability and Integrity Unit, together with Management, plays a significant role in driving sustainability initiatives and ensuring alignment with the Group's strategic priorities. Their responsibilities include identifying emerging ESG risks, monitoring performance outcomes and ensuring that sustainability practices are embedded into operational processes. The Board, in turn, undertakes reviews of strategic plans and key initiatives, with particular focus on the integration of ESG that contribute to sustainable growth and enhanced stakeholder confidence.

The ENCORP Group Sustainability Reporting Framework serves as the foundation of the Group's value creation agenda. Aligned with the three core sustainability pillars of Economic, Environment and Social, the framework guides the formulation of governance practices, strategies priorities and operational initiatives. It is further reinforced by alignment with global sustainability standards, including the United Nations Sustainable Development Goals ("UN SDGs") and the Ten Principles of the United Nations Global Compact ("UNGC"). This alignment enables the Group to pursue purposeful and impactful actions, strengthen risk mitigation efforts and create sustainable long-term value for its stakeholder.

M. Communication and Reporting

Investor Relations

The Group recognises that transparent, timely and consistent communication with the investment community is essential to maintaining stakeholder confidence and supporting informed decision making. In line with this commitment, the Group conducts regular interactions and updates to stakeholders enabling them to seek clarification, discuss key developments and gain insights into the Group's operational performance, financial position and strategic direction.

Reporting to shareholders and Other Stakeholders

The Group has established structured processes and procedures to ensure the timely submission of quarterly and annual reports to Bursa Malaysia, in accordance with the requirements of the MMLR. These reports provide comprehensive disclosures on the Group's financial performance, risk and operational developments. All quarterly financial results are reviewed and endorsed by the Board prior to their release to ensure accuracy, transparency and adherence to regulatory standards.

In addition, the Group's Annual Report is circulated to shareholders within the prescribed period set out under the MMPLR. The report serves as a holistic communication tool that integrates financial, operational, governance and sustainability information, thereby enhancing stakeholder's understanding of the Group's overall performance and long-term value creation efforts.

MATERIAL JOINT VENTURES AND ASSOCIATES

The disclosures in this Statement do not extend to the risk management and internal control practices of the Group's material joint ventures and associates, as these entities operate independently and are not under the direct control of the Group. The adequacy, efficiency and effectiveness of internal controls within these entities are assessed in accordance with their respective established governance frameworks and internal procedures.

To safeguard the Group's interests, representatives are appointed to the boards of these joint venture entities. These appointed directors are responsible for overseeing their administration, operations and overall performance, while ensuring that key issues are escalated to the Group where necessary. In addition, the Group receives regular financial and operational reports from these entities, enabling Management to monitor developments, evaluate performance and identify and emerging risks that may have an impact on the Group.

RISK REVIEW FOR THE FINANCIAL YEAR AND SCOPE

A comprehensive review on the adequacy and effectiveness of the Group's risk management and internal control systems was undertaken for the period under review. Guided by the ERM Framework, each business and supporting unit across all geographic locations, covering personnel at various levels, continued to identify, assess, mitigate, monitor and report the risks associated with their respective functions.

Risk identification, assessment, mitigation and monitoring activities are performed on a continuous basis to ensure that the new or emerging risks are promptly recognised and appropriately managed. New risk exposures may arise from, but are not limited to:

- Changes to strategic objectives;
- Shifts in the operating landscape;
- Introduction of new laws or regulations;
- Adoption of new accounting standards, guidelines, or directives; and/or
- Revisions to internal policies and procedures.

The Group's risk management process is summarised as follows:

- Regular discussions are held between Business or Supporting Units and the RMU to identify and evaluate risks.
- Identified risks are further deliberated with the Heads of Business or Supporting Units, GCEO, Group Chief Operating Officer ("GCOO") and Group Chief Financial Officer ("GCFO") to determine risk ratings and develop suitable strategies.
- Risks are monitored and reviewed on an ongoing basis by the respective Heads of Divisions/Units/Managers ("Risk Owners") and subsequently reported to the RMC.
- Identification of strategic risks is embedded within the business planning process to ensure that risk considerations are integrated into the setting of the Group's strategic objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Messrs Ernst & Young PLT have conducted a review of this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of the MMLR of Bursa Malaysia for the financial year ended 31 December 2025. Their limited assurance review was undertaken in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the External Auditors reported to the Board that nothing has come to their attention that causes them to believe that:

1. this Statements on Risk Management and Internal Control, intended for inclusion in the Annual Report, has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers; or
2. this Statement on Risk Management and Internal Control is factually inaccurate.

AAPG 3 does not require the External Auditors to assess whether the Statement covers all risks and controls, or to form an opinion on the adequacy or effectiveness of the Group's risk management and internal control systems, including Management's and the Directors assessments.

ASSURANCE TO THE BOARD

For the financial year under review, the Board received written assurance from the GCEO, GCOO and GCFO confirming that the Group's enterprise risk management and internal control systems are operating adequately and effectively in all material respects. Management remains committed to continuously reviewing, enhancing and strengthening the Group's risk management and internal control environment.

REVIEW BY THE BOARD

In forming its view, the Board considered the assurance provided by Management as well as input from the various internal and external assurance providers. Based on this, the Board is of the opinion that the Group's risk management and internal control systems for the financial year under review and up to the date of approval of this Statement, are generally adequate and effective to safeguard shareholders' interests, the Group's assets and the interests of customers, employees and other stakeholders.

All internal control weaknesses identified during the period have been, or are in the process of being, addressed. No major internal control deficiencies requiring disclosure in the Integrated Report were noted.

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control framework and is pleased to report that these systems have supported the achievement of strong corporate governance practices throughout the year.

The Board acknowledges that the Group's risk management and internal controls systems, while designed to provide reasonable assurance, cannot provide absolute assurance against material misstatement, financial losses, fraud or operational failures.

This Statement is made in accordance with the resolution of the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITY

On Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the financial position as at the end of each financial year and the financial performance for each financial year of the Company and all its subsidiaries ("Group").

In preparing the financial statements for the financial year ended 31 December 2025, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- used reasonable and prudent judgments and estimations;
- ensured that applicable approved accounting standards and statutory requirements have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring the Group properly keeps adequate accounting records that are sufficient to explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the relevant statutory requirements. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.





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DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS

Encorp Berhad
(Incorporated in Malaysia)

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**Encorp Berhad
(Incorporated in Malaysia)**

Directors' report

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

Principal activities

The principal activities of the Company are investment holding and provision of general management support services.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

Results

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
(Loss)/profit, net of tax	<u>(12,244)</u>	<u>(4,122)</u>
(Loss)/profit attributable to:		
Owners of the Company	(12,680)	(4,122)
Non-controlling interests	436	-
	<u>(12,244)</u>	<u>(4,122)</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Treasury shares

The details of treasury shares held by the Group and the Company are disclosed in Note 25(b) to the financial statements.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

**Encorp Berhad
(Incorporated in Malaysia)**

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Mohd Yusmadi Bin Mohd Yusoff	
Nor Azira Binti Abu Bakar	(Appointed on 27 March 2025)
Muhammad Fitri Bin Othman	(Appointed on 15 July 2025)
Dr. Wan Ahmad Rudirman Bin Wan Razak	(Appointed on 23 July 2025)
Zaina Diana Binti Zinal	(Appointed on 18 August 2025)
Mahadzir Bin Mustafa	(Resigned on 21 February 2025)
Datuk Haji Jaafar Bin Abu Bakar	(Resigned on 25 June 2025)
Haji Lukman Bin Abu Bakar	(Resigned on 25 June 2025)
Dato' Dr Suzana Idayu Wati Binti Osman	(Resigned on 23 July 2025)

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Raja Dato' Idris Bin Raja Halid	
Khairul Abidi Bin Ghazlan	
Nurul Nisaaq Binti Ahmad Shah	
Kamarul Azman Bin Kamarozaman @ Amir	
Edham Reza Shah Bin Abdul Rahman	(Appointed on 17 July 2025)
Ahmad Harzimi Bin Mohd Taib	(Appointed on 2 January 2026)
Noor Effendy Bin Othman	(Appointed on 2 January 2026)
Lenny Liana Bt Kasmair	(Appointed on 16 October 2025)
Hazurin Bin Harun	(Removed on 6 January 2025)
Ezzuddin Bin Hassan	(Resigned on 2 January 2026)
Datin Emilia Rosemawati Binti Uzir	(Resigned on 31 July 2025)
Azura Binti Ramli	(Resigned on 15 October 2025)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group	Company
	RM'000	RM'000
Fees	897	761
Allowances and other emoluments	92	85
	<u>989</u>	<u>846</u>

Directors' interests

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related companies.

**Encorp Berhad
(Incorporated in Malaysia)**

Holding company and body

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

Other statutory information

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances, which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Indemnity and insurance for directors and officers

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover of the directors of the Company. The amount of insurance premium paid during the year amounted to RM60,000.

**Encorp Berhad
(Incorporated in Malaysia)**

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, retire and do not wish to seek re-appointment.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	<u>306</u>	<u>95</u>

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2025.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 27 April 2026.



Mohd Yusmadi Bin Mohd Yusoff
Director



Dr. Wan Ahmad Rudirman Bin Wan Razak
Director

**Encorp Berhad
(Incorporated in Malaysia)**

**Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Mohd Yusmadi Bin Mohd Yusoff and Dr. Wan Ahmad Rudirman Bin Wan Razak, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 173 to 256 are drawn up in accordance with the MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 27 April 2026.



Mohd Yusmadi Bin Mohd Yusoff
Director



Dr. Wan Ahmad Rudirman Bin Wan Razak
Director

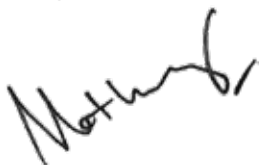
**Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Kamarul Azman Bin Kamarozaman @ Amir, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 173 to 256 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

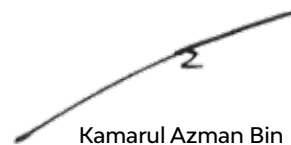
Subscribed and solemnly declared
by the abovenamed Kamarul Azman Bin Kamarozaman @ Amir
at Petaling Jaya in the Selangor Darul Ehsan
on 27 April 2026

27 APR 2026

Before me,



Tetuan Ong & Partners,
No. 10-1, 10-2, 10-M, 12-1, 12-2, 12-M
Jalan PJU 5/22, The Strand,
Seksyen 5, Kota Damansara.



Kamarul Azman Bin
Kamarozaman @ Amir
MIA No. 43538

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 173 to 256.

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

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

a) Revenue and cost of sales from property development activities

For the financial year ended 31 December 2025, revenue of RM44,773,000 and cost of sales of RM30,255,000 from property development activities (including sale of completed properties) account for approximately 48% and 71% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

In assessing the appropriateness of the extent of costs incurred, total estimated property development cost and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Evaluated the actual property development costs incurred by examining documentary evidence such as contractors' progress claims and suppliers' invoices; and
- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method are disclosed in Notes 2.13, 2.14, 2.17(a), 3.2(a), 4, 5, and 15(b) respectively to the financial statements.

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

b) Valuation of investment properties

As at 31 December 2025, the carrying amount of investment properties amounted to RM310,000,000 representing approximately 62% and 34% of the Group's total non-current assets and total assets respectively.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed independent professional valuers to perform valuations on its investment properties. The valuations are based on assumptions including, amongst others, estimated rental value per square feet, expected market rental growth, occupancy rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuers;
- Reviewed the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuers as input into their valuations. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Assessed the adequacy of the disclosures of the Group's accounting policies, significant judgement and estimates, including the basis and assumptions used in determining the fair values of the investment properties.

The Group's accounting policies, significant judgement and estimates and disclosures on investment properties are disclosed in Notes 2.9, 3(b), 6, 14 and 32 respectively to the financial statements.

c) Impairment of amount due from a subsidiary

MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries. Included in the amounts due from subsidiaries of the Company as at 31 December 2025 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM50,337,000 net of accumulated impairment loss of RM35,483,000, resulting in a net carrying amount of RM14,854,000.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

This is an area of audit focus as the determination of the quantum of impairment loss is a subjective area due to significant level of judgement and assumptions applied by management.

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

c) Impairment of amount due from a subsidiary (cont'd.)

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount due from EDPL; and
- Evaluated the assumptions applied in the determination of the amount and timing of receipts from EDPL in light of the estimation of profits and the resulting cash flows to be derived from the operations of EDPL.

We also reviewed and assessed the adequacy of the disclosures in the financial statements relating to the impairment of the amount due from EDPL in Notes 8 and 18(c) to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' 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 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**Independent auditors' report to the members of
Encorp Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

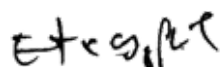
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law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

Report on other legal and regulatory requirements

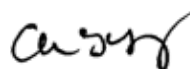
In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16 to the financial statements.

Other matters

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



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants



Chuan Yee Yang
No. 03489/03/2028 J
Chartered Accountant

Kuala Lumpur, Malaysia
27 April 2026

**Statements of comprehensive income
For the year ended 31 December 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	94,101	104,013	7,800	7,800
Cost of sales	5	(42,388)	(24,666)	-	-
Gross profit		51,713	79,347	7,800	7,800
Other operating income	6	12,544	10,939	2,837	2,747
Selling and marketing expenses		(3,771)	(3,493)	(10)	(9)
Administrative expenses		(26,474)	(26,281)	(10,698)	(12,964)
Finance costs	7	(40,593)	(50,906)	(1,992)	(2,162)
Other operating expenses		(2,403)	(3,549)	(2,059)	(2,007)
(Loss)/profit before tax	8	(8,984)	6,057	(4,122)	(6,595)
Income tax expense	11	(3,260)	(2,620)	-	-
(Loss)/profit for the year		(12,244)	3,437	(4,122)	(6,595)
Other comprehensive income					
Foreign currency translation	26	866	4,242	-	-
Total comprehensive (loss)/income for the year		(11,378)	7,679	(4,122)	(6,595)
(Loss)/profit for the year attributable to:					
Owners of the Company		(12,680)	1,807	(4,122)	(6,595)
Non-controlling interests		436	1,630	-	-
		(12,244)	3,437	(4,122)	(6,595)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(11,814)	6,049	(4,122)	(6,595)
Non-controlling interests		436	1,630	-	-
		(11,378)	7,679	(4,122)	(6,595)
(Loss)/profit per ordinary share attributable to owners of the Company (sen per share):					
Basic/diluted	12	(4.01)	0.57		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of financial position
As at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	3,968	4,321	617	662
Investment properties	14	310,000	305,490	-	-
Land held for property development	15(a)	29,050	27,311	-	-
Investment in subsidiaries	16	-	-	129,960	129,960
Intangible assets	17	225	311	216	299
Trade and other receivables	18	140,023	258,118	21,354	24,250
Right-of-use assets	19(a)	9,564	11,394	9,564	11,386
Deferred tax assets	20	5,113	4,702	-	-
		<u>497,943</u>	<u>611,647</u>	<u>161,711</u>	<u>166,557</u>
Current assets					
Property development costs	15(b)	50,838	45,573	-	-
Inventories	15(c)	57,620	75,998	-	-
Trade and other receivables	18	139,650	133,599	61,885	55,705
Contract assets	22	11,061	10,312	-	-
Tax recoverable		106	173	-	-
Other investments	21	146,052	141,451	2	2
Other current assets	23	253	1,193	2	427
Cash and bank balances	24	5,256	17,764	517	747
		<u>410,836</u>	<u>426,063</u>	<u>62,406</u>	<u>56,881</u>
Total assets		<u>908,779</u>	<u>1,037,710</u>	<u>224,117</u>	<u>223,438</u>
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	25	399,016	399,016	399,016	399,016
Treasury shares	25	(327)	(327)	(327)	(327)
Other reserves	26	33,229	32,363	-	-
Accumulated losses		(108,703)	(96,023)	(271,737)	(267,615)
Owners' equity		<u>323,215</u>	<u>335,029</u>	<u>126,952</u>	<u>131,074</u>
Non-controlling interests		91,877	91,441	-	-
Total equity		<u>415,092</u>	<u>426,470</u>	<u>126,952</u>	<u>131,074</u>

**Statements of financial position
As at 31 December 2025 (cont'd.)**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current liabilities					
Trade and other payables	27	14,199	15,046	-	-
Loans and borrowings	28	189,732	301,962	89	126
Lease liabilities	19(b)	11,049	13,084	11,049	13,084
Deferred tax liabilities	20	4,614	4,183	-	-
		<u>219,594</u>	<u>334,275</u>	<u>11,138</u>	<u>13,210</u>
Current liabilities					
Trade and other payables	27	90,940	100,706	68,959	62,263
Other current liabilities	29	3,823	3,823	-	-
Contract liabilities	22	6,481	11,048	-	-
Loans and borrowings	28	169,669	158,738	15,033	15,037
Lease liabilities	19(b)	2,035	1,863	2,035	1,854
Income tax payable		1,145	787	-	-
		<u>274,093</u>	<u>276,965</u>	<u>86,027</u>	<u>79,154</u>
Total liabilities		<u>493,687</u>	<u>611,240</u>	<u>97,165</u>	<u>92,364</u>
Total equity and liabilities		<u>908,779</u>	<u>1,037,710</u>	<u>224,117</u>	<u>223,438</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2025

	Attributable to owners of the Company		Non-distributable		Non-controlling interests		Total equity
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
At 1 January 2025	399,016	(327)	32,363	(96,023)	335,029	91,441	426,470
(Loss)/profit for the year	-	-	-	(12,680)	(12,680)	436	(12,244)
Other comprehensive income	-	-	866	-	866	-	866
Total comprehensive income	-	-	866	(12,680)	(11,814)	436	(11,378)
At 31 December 2025	399,016	(327)	33,229	(108,703)	323,215	91,877	415,092

Consolidated statement of changes in equity
For the year ended 31 December 2025 (cont'd.)

	-----Attributable to owners of the Company-----						
	-----Non-distributable-----						
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2024	399,016	(327)	28,121	(97,830)	328,980	89,811	418,791
Profit for the year	-	-	-	1,807	1,807	1,630	3,437
Other comprehensive income	-	-	4,242	-	4,242	-	4,242
Total comprehensive income	-	-	4,242	1,807	6,049	1,630	7,679
At 31 December 2024	399,016	(327)	32,363	(96,023)	335,029	91,441	426,470

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Company statement of changes in equity
For the year ended 31 December 2025

	-----Non-distributable-----				
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Accumulated losses RM'000	Total RM'000	
At 1 January 2025	399,016	(327)	(267,615)	131,074	
Loss for the year	-	-	(4,122)	(4,122)	
At 31 December 2025	399,016	(327)	(271,737)	126,952	
At 1 January 2024	399,016	(327)	(261,020)	137,669	
Loss for the year	-	-	(6,595)	(6,595)	
At 31 December 2024	399,016	(327)	(267,615)	131,074	

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of cash flows
For the year ended 31 December 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities				
(Loss)/profit before tax	(8,984)	6,057	(4,122)	(6,595)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment (Note 8)	487	532	153	145
Depreciation of right-of-use assets (Note 8)	1,847	1,915	1,822	1,822
Amortisation of intangible assets (Note 8)	86	45	83	40
Interest expense (Note 7)	40,593	50,906	1,992	2,162
Distribution income from money market investment securities (Note 6)	(382)	(988)	-	-
Gain on fair value adjustment of investment securities (Note 6)	(4,544)	(3,955)	-	-
Interest income on: (Note 6)				
- subsidiaries companies	-	-	(2,727)	(2,727)
- others	(424)	(602)	(11)	(14)
Deposit forfeited (Note 6)	(205)	(76)	(13)	-
Provision for short-term accumulating compensated absences (Note 9)	293	331	107	140
Gain on fair value adjustment of investment properties (Note 6)	(4,510)	(2,160)	-	-
Land held for property development written down (Note 8)	-	1,056	-	-
Land held for property development write back (Note 6)	(1,085)	-	-	-
Expected credit losses on: (Note 8)				
- trade receivables	-	885	60	240
Unrealised loss on foreign exchange (Note 8)	1,283	6,301	1,283	6,301
Unwinding of discounts on other liabilities at amortised costs (Note 6)	(102)	(91)	-	-
Inventories written back (Note 6)	-	(1,815)	-	-
Reversal of expected credit losses: (Note 8)				
- trade receivables	(173)	(796)	-	(1,149)
- other receivables	-	(1,831)	-	(1,570)
Operating profit / (loss) before working capital changes	24,180	55,714	(1,373)	(1,205)

Statements of cash flows
For the year ended 31 December 2025 (cont'd.)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (cont'd.)				
Operating profit / (loss) before working capital changes (cont'd.)	24,180	55,714	(1,373)	(1,205)
Changes in working capital:				
Land held for development and development expenditure	(6,083)	(8,959)	-	-
Inventories	18,378	1,390	-	-
Trade and other receivables	111,139	96,108	(4,658)	(3,369)
Contract assets and contract liabilities	(5,316)	6,744	-	-
Other current assets	940	(462)	425	(224)
Trade and other payables	(10,804)	11,030	6,658	6,622
Cash generated from/(used in) operations	132,434	161,565	1,052	1,824
Interest paid	(26,350)	(32,769)	(1,200)	(1,211)
Income taxes paid	(2,976)	(4,542)	-	-
Income taxes refund	161	-	31	-
Net cash flows generated from/ (used in) operating activities	103,269	124,254	(117)	613
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 13(a))	(134)	(230)	(108)	(146)
Purchase of intangible assets (Note 17)	-	(244)	-	(244)
(Placement) / withdrawal from other investments	(57)	649	-	40
(Placement) / withdrawal of deposits with licensed bank with tenure of more than 3 months	(235)	74	-	-
Distribution income received	382	988	-	-
Interest received	424	602	2,738	2,741
Net cash flows generated from investing activities	380	1,839	2,630	2,391

Statements of cash flows

For the year ended 31 December 2025 (cont'd.)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Drawdown of loans and borrowings	5,717	5,504	-	-
Repayment of loans and borrowings	(120,211)	(131,555)	(43)	(23)
Repayment of principal and interest portion of lease liabilities (Note (a))	(2,726)	(2,614)	(2,700)	(2,510)
Net cash flow used in financing activities	(117,220)	(128,665)	(2,743)	(2,533)
Net (decrease)/increase in cash and cash equivalents	(13,571)	(2,572)	(230)	471
Effect of exchange rate changes on cash and cash equivalents	828	4,088	-	-
Cash and cash equivalents at beginning of year	16,789	15,273	747	276
Cash and cash equivalents at end of year (Note 24)	4,046	16,789	517	747

Statements of cash flows
For the year ended 31 December 2025 (cont'd.)

(a) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of liabilities in the statements of cash flow is as follows:

At 31 December 2025				
Group	As at 1 January 2025 RM'000	Net changes from financing cash flows RM'000	Others/ Non-cash changes RM'000	As at 31 December 2025 RM'000
Loans and borrowings (Note 28)	460,700	(114,494)	13,195	359,401
Lease liabilities (Note 19(b))	14,947	(2,726)	863	13,084
Total liabilities from financing activities	475,647	(117,220)	14,058	372,485
Company				
Loans and borrowings (Note 28)	15,163	(43)	2	15,122
Lease liabilities (Note 19(b))	14,938	(2,700)	846	13,084
Total liabilities from financing activities	30,101	(2,743)	848	28,206
At 31 December 2024				
Group	As at 1 January 2024 RM'000	Net changes from financing cash flows RM'000	Others/ Non-cash changes RM'000	As at 31 December 2024 RM'000
Loans and borrowings (Note 28)	570,416	(126,051)	16,335	460,700
Lease liabilities (Note 19(b))	16,611	(2,614)	950	14,947
Total liabilities from financing activities	587,027	(128,665)	17,285	475,647
Company				
Loans and borrowings (Note 28)	15,000	(23)	186	15,163
Lease liabilities (Note 19(b))	16,502	(2,510)	946	14,938
Total liabilities from financing activities	31,502	(2,533)	1,132	30,101

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the financial statements 31 December 2025

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 40-3 (03A), Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 46-G, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 16

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2026.

2. Summary of accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The ability of the Company to continue as a going concern is closely related to the ability of the Group as a whole to continue as a going concern. The Company is an investment holding company and its main assets are the investment in subsidiaries which the Company controls. The Company's main source of income is from the management fees charged to subsidiaries and interest income.

The management of the Company monitors the cash flows and utilisation of funds within the Group for the requirements of the Company as well as the subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to the subsidiaries of the Company when required.

As at 31 December 2025, the Group has net current assets and net assets of RM136,743,000 and RM415,092,000 respectively. The directors and the management of the Company have assessed and concluded that the going concern assumption remains appropriate for the Group and the Company.

2.2 Changes to accounting policies

As of 1 January 2025, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the Malaysian Accounting Standards Board as listed below:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)
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2. Summary of accounting policies (cont'd.)

2.2 Changes to accounting policies (cont'd.)

The adoption of the amendments to MFRS Accounting Standards above did not have any significant impact on the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2026:

Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11 (Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 7 Financial Instruments: Disclosures, MFRS 9 Financial Instruments, MFRS 10 Consolidated Financial Statements and MFRS 107 Statement of Cash Flows)

Effective for annual periods beginning on or after 1 January 2027:

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)

Deferred:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Venture)
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The directors expect that the adoption of the above MFRS Accounting Standards and amendments to MFRS Accounting Standards and amendments will not have a material impact to the financial statements of the Group and of the Company in the year of initial application.

The MFRS Accounting Standards and amendments to MFRS Accounting Standards above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of MFRS 18: Presentation and Disclosure in Financial Statements.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statements of comprehensive income, the statements of cash flows and the additional disclosures required for Management-defined Performance Measures. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

2. Summary of accounting policies (cont'd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Summary of accounting policies (cont'd.)

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the fair value on the acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2. Summary of accounting policies (cont'd.)

2.6 Foreign currency

(a) Functional and presentation currency

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss are recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2. Summary of accounting policies (cont'd.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of an item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Buildings	50 years
Plant and machinery	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.10.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.8 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of accounting policies (cont'd.)

2.8 Leases (cont'd.)

As a lessee (cont'd.)

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premise	15 years
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If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.10.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of office equipments (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipments that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of accounting policies (cont'd.)

2.8 Leases (cont'd.)

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuers applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group and the Company hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.7 up to the date of change in use.

2.10 Impairment of non-financial assets

The Group and the Company assess the carrying amounts of the Group's and the Company's non-financial assets, other than deferred tax assets and inventories for completed properties, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2. Summary of accounting policies (cont'd.)

2.10 Impairment of non-financial assets (cont'd.)

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment for assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.11 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure 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. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

2. Summary of accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
 - (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. Summary of accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.12 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Summary of accounting policies (cont'd.)

2.13 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 the cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

(a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost or net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

2. Summary of accounting policies (cont'd.)

2.13 Inventories (cont'd.)

(c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

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

2.14 Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group and the Company perform the contract.

2.15 Financial liabilities

Initial recognition and measurement

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of MFRS 9.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

2. Summary of accounting policies (cont'd.)

2.15 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(a) Financial liabilities at fair value through profit or loss (cont'd.)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables (excluding provision), lease liabilities and loans and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when the qualifying assets are ready for their intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Summary of accounting policies (cont'd.)

2.17 Revenue from contracts with customers

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred at point in time unless one of the following overtime criteria is met:

- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(a) Sale of development properties

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at point in time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sale of vacant land is recognised upon delivery of vacant land where the control of the vacant land has been transferred to the buyer.

2. Summary of accounting policies (cont'd.)

2.17 Revenue from contracts with customers (cont'd.)

(b) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

(c) Sale of completed properties

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

(d) Concession income

Concession income is recognised when the performance obligation has been performed and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period").

Accordingly, the Group is compensated with deferred payment income over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

(e) Rental income

Rental income is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of accounting policies (cont'd.)

2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all unutilised deductible temporary differences, the carry forward of unabsorbed capital allowance and any unutilised tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unabsorbed capital allowance and unutilised tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. Summary of accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.19 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.20 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying accounting policies that have significant effect on the amount recognised in the financial statements during the current financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Property development

The Group and the Company use percentage of completion method to recognise revenue and profit from its property development activities. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects. These areas involve significant judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group and the Company).

The revenues, cost of sales, carrying amounts of assets and liabilities of the Group and the Company arising from property development activities are disclosed in Notes 4, 5, 15(a) and 15(b).

(b) Fair value adjustments of investment properties

The Group and the Company carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company engaged independent valuation specialists to determine the fair values as disclosed in Notes 14 and 32. The key assumptions in determining the fair values of investment properties, including the sensitivity analysis of key assumptions are disclosed in Note 32.

(c) Allowance for expected credit losses of trade and other receivables and contract assets

When measuring ECL, the Group and the Company use reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the effective interest rate.

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's and the Company's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period. Details are disclosed in Note 18(c).

4. Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Derived from third parties				
Sale of development properties	25,597	28,024	-	-
Concession income	31,419	41,408	-	-
Sale of completed properties	19,176	25,059	-	-
Revenue from construction contracts	8,696	2,057	-	-
Facility management fees	775	645	-	-
Rental income	8,438	6,820	-	-
Derived from related companies				
Management fees from subsidiaries (Note 31(a))	-	-	7,800	7,800
	<u>94,101</u>	<u>104,013</u>	<u>7,800</u>	<u>7,800</u>
Timing and recognition				
Revenue recognised:				
- At a point in time	19,176	25,059	-	-
- Over time	74,925	78,954	7,800	7,800
	<u>94,101</u>	<u>104,013</u>	<u>7,800</u>	<u>7,800</u>

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

Group	2025 RM'000	2024 RM'000
Sale of development properties:		
Within one year	8,015	17,778
More than one year	-	3,371
	<u>8,015</u>	<u>21,149</u>

5. Cost of sales

	Group	
	2025 RM'000	2024 RM'000
Property development costs (Note 15(b))	16,483	17,236
Costs of completed properties*	13,772	(3,055)
Mall operating expenses	7,276	7,136
Construction cost	4,857	1,896
Consultancy service	-	1,453
	<u>42,388</u>	<u>24,666</u>

* Included in the costs of completed properties of the Group were the effects of the reversal of provisions arising from the re-assessment and conclusion of certain legal/adjudication proceedings in relation to claims made by contractors of the Group, amounting to RM Nil (2024: 20,646,000).

6. Other operating income

Included in other operating income are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Gain on fair value adjustment of investment securities	4,544	3,955	-	-
Rental income	998	950	53	4
Interest income on:				
- subsidiaries companies	-	-	2,727	2,727
- others	424	602	11	14
Distribution income from money market investment securities	382	988	-	-
Gain on fair value adjustment of investment properties (Note 14)	4,510	2,160	-	-
Deposit forfeited	205	76	13	-
Inventories written back	-	1,815	-	-
Land held for property development written back (Note 15 (a))*	1,085	-	-	-
Unwinding of discounts on other liabilities at amortised costs**	102	91	-	-

* The write back is due to the re-assessment of the net realisable value of the land held for development as at 31 December 2025.

** The recognition of time value of money of financial liabilities of the Group which are measured at amortised cost.

7. Finance costs

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk Murabahah	34,853	44,372	-	-
- bank credit facilities and bank loans	3,840	4,439	878	892
- unwinding of discount on other liabilities at amortised costs*	786	821	-	-
- interest on advances from immediate holding company (Note 31(a))	268	324	268	324
Interest expenses on lease liabilities (Note 19(b))	846	950	846	946
	<u>40,593</u>	<u>50,906</u>	<u>1,992</u>	<u>2,162</u>

* The recognition of time value of money of financial liabilities of the Group which are measured at amortised cost.

8. (Loss) / profit before tax

The following items have been included in arriving at (loss) / profit before tax:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration:				
- current year	284	281	85	85
- other service	22	22	10	10
Expected credit losses:				
- trade receivables (Note 18(c))	-	885	60	240
Depreciation of:				
- property, plant and equipment (Note 13)	487	532	153	145
- right-of-use assets (Note 19(a))	1,847	1,915	1,822	1,822
Amortisation of intangible assets (Note 17)	86	45	83	40
Land held for property development written down (Note 15(a))	-	1,056	-	-
Short-term lease payments on:				
- premises (Note 31(a))	-	-	168	145
- equipment (Note 19(c))	144	83	124	83
- others (Note 19(c))	92	6	88	62
Reversal of expected credit losses:				
- trade receivables (Note 18(c))	(173)	(796)	-	(1,149)
- other receivables (Note 18(c))	-	(1,831)	-	(1,570)
Unrealised loss on foreign exchange	1,283	6,301	1,283	6,301

9. Employee benefits expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Wages and salaries	9,479	9,641	4,289	4,378
Social security contributions	126	118	55	47
Contributions to defined contribution plan	1,242	1,268	555	574
Provision for short-term accumulating compensated absences (Note 27(d))	293	331	107	140
Other benefits	2,857	3,820	1,680	2,302
	13,997	15,178	6,686	7,441

10. Directors' remuneration

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fees	897	935	761	663
Allowances and other emoluments	92	188	85	138
Total directors' remuneration	<u>989</u>	<u>1,123</u>	<u>846</u>	<u>801</u>

11. Income tax expense

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Statement of profit or loss:				
Current income tax:				
- Malaysian income tax	3,073	4,577	-	-
- Under / (over) provision in prior year	167	(335)	-	-
	<u>3,240</u>	<u>4,242</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 20):				
- Relating to reversal of temporary differences	19	(1,622)	-	-
- Over provision in prior year	1	-	-	-
	<u>20</u>	<u>(1,622)</u>	<u>-</u>	<u>-</u>
Income tax expense	<u>3,260</u>	<u>2,620</u>	<u>-</u>	<u>-</u>

11. Income tax expense (cont'd.)

Reconciliation between tax and accounting profit/(loss)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2025 and 2024 are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(Loss)/profit before tax	(8,984)	6,057	(4,122)	(6,595)
Tax (credit) / expense at Malaysian statutory tax rate of 24%	(2,156)	1,454	(989)	(1,583)
Different tax rates in other countries	(20)	(98)	-	-
<u>Adjustments:</u>				
Non-deductible expenses	2,099	1,304	666	418
Income not subject to tax	(1,171)	(2,182)	-	(794)
Deferred tax assets not recognised	4,935	6,775	323	1,959
Utilisation of previously unrecognised deferred tax assets	-	(3,977)	-	-
(Over)/under provision of tax expense in prior years:				
- current income tax	167	(335)	-	-
- deferred tax	-	(19)	-	-
Deferred tax recognised at different tax rate	(594)	(302)	-	-
Income tax expense recognised in profit or loss	3,260	2,620	-	-

12. (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year attributable to ordinary equity holders of the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the (loss)/profit and share data used in the computation of basic (loss)/earnings per share for the years ended 31 December:

	2025 RM'000	2024 RM'000
(Loss)/profit for the year attributable to owners of the Company used in the computation of basic (loss)/earnings per share	(12,680)	1,807
	Number of Shares	
	2025 RM'000	2024 RM'000
Weighted average number of ordinary shares for basic (loss)/earnings per share computation*	316,299	316,299

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	2025 sen	2024 sen
Basic (loss)/earnings per share	(4.01)	0.57

(b) Diluted

Diluted (loss)/earnings per share amounts are calculated by dividing (loss)/profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted (loss)/earnings per share is not presented as it is the same as the basic (loss)/earnings per share.

13. Property, plant and equipment

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
At 31 December 2025						
Cost						
At 1 January 2025	482	4,583	4,257	2,710	16	12,048
Additions	26	108	-	-	-	134
At 31 December 2025	508	4,691	4,257	2,710	16	12,182
Accumulated depreciation						
At 1 January 2025	206	2,920	3,958	634	9	7,727
Recognised in profit or loss (Note 8)	82	308	39	54	4	487
At 31 December 2025	288	3,228	3,997	688	13	8,214
Net carrying amount						
At 31 December 2025	220	1,463	260	2,022	3	3,968
At 31 December 2024						
Cost						
At 1 January 2024	261	4,405	4,254	2,710	16	11,646
Additions	221	187	3	-	-	411
Disposals	-	(9)	-	-	-	(9)
At 31 December 2024	482	4,583	4,257	2,710	16	12,048
Accumulated depreciation						
At 1 January 2024	133	2,612	3,873	580	6	7,204
Recognised in profit or loss (Note 8)	73	317	85	54	3	532
Disposals	-	(9)	-	-	-	(9)
At 31 December 2024	206	2,920	3,958	634	9	7,727
Net carrying amount						
At 31 December 2024	276	1,663	299	2,076	7	4,321

13. Property, plant and equipment (cont'd.)

Company	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
At 31 December 2025				
Cost				
At 1 January 2025	2,933	221	1,840	4,994
Additions	-	-	108	108
At 31 December 2025	<u>2,933</u>	<u>221</u>	<u>1,948</u>	<u>5,102</u>
Accumulated depreciation				
At 1 January 2025	2,794	37	1,501	4,332
Recognised in profit or loss (Note 8)	16	44	93	153
At 31 December 2025	<u>2,810</u>	<u>81</u>	<u>1,594</u>	<u>4,485</u>
Net carrying amount				
At 31 December 2025	<u>123</u>	<u>140</u>	<u>354</u>	<u>617</u>
At 31 December 2024				
Cost				
At 1 January 2024	2,930	-	1,746	4,676
Additions	3	221	103	327
Disposals	-	-	(9)	(9)
At 31 December 2024	<u>2,933</u>	<u>221</u>	<u>1,840</u>	<u>4,994</u>
Accumulated depreciation				
At 1 January 2024	2,777	-	1,419	4,196
Recognised in profit or loss (Note 8)	17	37	91	145
Disposals	-	-	(9)	(9)
At 31 December 2024	<u>2,794</u>	<u>37</u>	<u>1,501</u>	<u>4,332</u>
Net carrying amount				
At 31 December 2024	<u>139</u>	<u>184</u>	<u>339</u>	<u>662</u>

- (a) During the financial year, the Group and the Company acquired property, plant and equipment amounting to RM134,000 (2024: RM411,000) and RM108,000 (2024: RM327,000) respectively, by way of cash payments of RM134,000 (2024: RM230,000) and RM108,000 (2024: RM146,000) respectively.
- (b) Included in property, plant and equipment of the Group is one unit (2024: one unit) of terrace shop office with net carrying amount of RM2,022,000 (2024: RM2,076,000) which has been pledged as a fixed charge for revolving credit facilities as disclosed in Note 28(e).

14. Investment properties

Investment properties comprising shopping mall, terrace shop offices and car park units which are held either to earn rental income or for capital appreciation or for both. The investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 32.

At fair value	Shopping mall RM'000	Terrace shop offices RM'000	Car park units RM'000	Total RM'000
Group				
At 1 January 2024	168,000	127,530	7,800	303,330
Fair value adjustments (Note 6)	2,000	160	-	2,160
At 31 December 2024 and 1 January 2025	170,000	127,690	7,800	305,490
Fair value adjustments (Note 6)	1,000	3,310	200	4,510
At 31 December 2025	171,000	131,000	8,000	310,000
Fair value for financial reporting purposes				
Market value as estimated by the professional external valuers	171,000	131,000	8,000	310,000

The following are recognised in the profit or loss in respect of investment properties:

	Group	
	2025 RM'000	2024 RM'000
Rental income	8,811	7,162
Direct operating expenses (exclude depreciation):		
- income generating investment properties	(7,356)	(7,229)
- non-income generating investment properties	(176)	(221)
Fair value adjustments	4,510	2,160

The following properties have been pledged as security for borrowings:

- (i) During the year, 23 units (2024: 23 units) of terrace shop offices are charged as security for term loans and revolving credit facilities as disclosed in Note 28(e), 28(f) and 28(g).
- (ii) Shopping mall included in the investment properties has been pledged as security for bank loan as disclosed in Note 28(e).

15. Inventories

	Note	Group	
		2025 RM'000	2024 RM'000
Non-current			
Land held for property development (at lower of cost and net realisable value)	(a)	29,050	27,311
Current			
Property development cost (at cost)	(b)	50,838	45,573
Properties held for sale (at lower of cost and net realisable value)	(c)	57,620	75,998
		108,458	121,571
Total inventories at the lower of cost and net realisable value		137,508	148,882

(a) Land held for property development

Group	Freehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2025			
Cost			
At 1 January 2025	35,049	2,276	37,325
Addition	-	818	818
Exchange differences	(410)	-	(410)
At 31 December 2025	34,639	3,094	37,733
Accumulated write-down to net realisable value			
At 1 January 2025	(10,014)	-	(10,014)
Credited to profit and loss (Note 8)	1,085	-	1,085
Exchange differences	246	-	246
At 31 December 2025	(8,683)	-	(8,683)
Carrying amount			
At 31 December 2025	25,956	3,094	29,050

15. Inventories (cont'd.)

Group	Freehold land RM'000	Development expenditure RM'000	Total RM'000
At 31 December 2024			
Cost			
At 1 January 2024	37,146	544	37,690
Addition	-	1,732	1,732
Exchange differences	(2,097)	-	(2,097)
At 31 December 2024	<u>35,049</u>	<u>2,276</u>	<u>37,325</u>
Accumulated write-down to net realisable value			
At 1 January 2024	(10,176)	-	(10,176)
Charged to profit and loss (Note 8)	(1,056)	-	(1,056)
Exchange differences	1,218	-	1,218
At 31 December 2024	<u>(10,014)</u>	<u>-</u>	<u>(10,014)</u>
Carrying amount			
Exchange differences	<u>25,035</u>	<u>2,276</u>	<u>27,311</u>

(b) Property development costs

Group	Freehold land RM'000	Leasehold land (Note (ii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
At 31 December 2025				
Cumulative property development costs				
At 1 January 2025	26,127	42,966	662,222	731,315
Costs incurred during the year	-	70	21,678	21,748
At 31 December 2025	<u>26,127</u>	<u>43,036</u>	<u>683,900</u>	<u>753,063</u>
Cumulative costs recognised in profit or loss				
At 1 January 2025				(685,742)
Recognised during the year (Note 5)				(16,483)
At 31 December 2025				<u>(702,225)</u>
Property development costs at 31 December 2025				<u>50,838</u>

15. Inventories (cont'd.)

(b) Property development costs (cont'd.)

Group	Freehold land RM'000	Leasehold land (Note (ii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
At 31 December 2024				
Cumulative property development costs				
At 1 January 2024	26,127	42,621	638,105	706,853
Costs incurred during the year	-	345	48,045	48,390
Unsold units transferred to inventories	-	-	(23,928)	(23,928)
At 31 December 2024	<u>26,127</u>	<u>42,966</u>	<u>662,222</u>	<u>731,315</u>
Cumulative costs recognised in profit or loss				
At 1 January 2024				(668,506)
Recognised during the year (Note 5)				<u>(17,236)</u>
At 31 December 2024				<u>(685,742)</u>
Property development costs at 31 December 2024				<u><u>45,573</u></u>

(i) Development expenditure

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as a result of obtaining property sales contracts. These costs are grouped separately and are charged out to cost of sales based on stage of completion method.

	2025 RM'000	2024 RM'000
As at 1 January	1,146	450
Cost incurred during the year	220	1,474
Recognised during the year	<u>(605)</u>	<u>(778)</u>
At 31 December	<u>761</u>	<u>1,146</u>

(ii) Leasehold land included in the property development costs with net carrying amount of RM10,994,000 (2024: RM10,924,000) has been pledged as security for bridging loan as disclosed in Note 28(d).

15. Inventories (cont'd.)

(c) Properties held for sale

	Group	
	2025 RM'000	2024 RM'000
At cost	29,838	37,284
At net realisable value	27,782	38,714
	57,620	75,998

Properties held for sale with net carrying amount of RM16,416,000 (2024: RM16,829,000) are charged as security for term loan facilities as disclosed in Note 28(b).

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM13,772,000 (2024: RM17,591,000).

Joint operation arrangement between the Group and FELDA

Pursuant to an agreement between the Group and FELDA dated 23 March 2022, the Group had been granted the right to develop land owned by FELDA. The revenues and expenses for units which have been sold for this project are to be shared between the Group and FELDA based on certain agreed percentages. The remaining inventories of completed units remain the assets of the Group as at 31 December 2025 and FELDA would only be charged for its share of the costs when sales of the inventories occur. As at 31 December 2025, the balance of such inventories held by the Group pursuant to this arrangement amounted to RM4,717,000 (2024: RM10,465,000).

For the current financial year, the portion of the costs to be borne by FELDA of RM5,530,000 (2024: RM8,883,000) has been deducted against FELDA's share of the revenues attributable to this project amounting to RM6,548,000 (2024: RM12,289,000) in determining the amount payable to FELDA. The amount due to FELDA amounting to RM3,822,000 (2024: RM3,225,000) is included in Note 27.

The Group has recognised its share of the net revenue and costs amounting to RM1,637,000 (2024: RM3,072,000) and RM1,383,000 (2024: RM2,221,000) respectively for units which have been sold in the current financial year. The net revenue and costs have been included in the amounts recognised in Note 4 and 5 respectively.

16. Investment in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost	296,710	296,710
Impairment loss on investment in subsidiaries	(166,750)	(166,750)
	<u>129,960</u>	<u>129,960</u>

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2025	2024	2025	2024
Encorp Construction & Infrastructure Sdn. Bhd.	50,000	Malaysia	Investment holding and construction project management	100	100	-	-
Encorp Must Sdn. Bhd.	10,000	Malaysia	Investment holding and property project management	100	100	-	-
Encorp Development Pty. Ltd. [^]	+	Australia	Property development	100	100	-	-
Encorp Facilities Management Sdn. Bhd.	750	Malaysia	Facilities management services provider	100	100	-	-

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2025	2024	2025	2024
Subsidiaries of Encorp Construction & Infrastructure Sdn. Bhd.							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construction & Engineering Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-
Encorp Millennium Sdn. Bhd.	250	Malaysia	Investment holding, construction project management and property development	70	70	30	30

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Principal place of business/Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interest	
				2025	2024	2025	2024
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	2,500	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	@	Malaysia	Property development	100	100	-	-
Encorp Silver Sdn. Bhd.	@	Malaysia	Dormant	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	@	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	@	Malaysia	Property investment	100	100	-	-

16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

- ^ This entity has no statutory audit requirement
- + Represents paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
- @ Represents paid-up capital of two (2) ordinary shares at RM1 each

(b) Non-controlling interests in subsidiaries

Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") and EMLSB which have 30% non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount after incorporating the elimination of inter-company transactions and consolidation adjustments.

(i) Summarised statements of financial position

At 31 December 2025	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Non-current assets	322,152	21,452	343,604
Current assets	120,695	99	120,794
Total assets	<u>442,847</u>	<u>21,551</u>	<u>464,398</u>
Current liabilities	119,837	13,848	133,685
Non-current liabilities	10,256	14,199	24,455
Total liabilities	<u>130,093</u>	<u>28,047</u>	<u>158,140</u>
Net assets	<u>312,754</u>	<u>(6,496)</u>	<u>306,258</u>
Non-controlling interests	<u>93,826</u>	<u>(1,949)</u>	<u>91,877</u>
At 31 December 2024	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Non-current assets	317,883	20,635	338,518
Current assets	127,369	59	127,428
Total assets	<u>445,252</u>	<u>20,694</u>	<u>465,946</u>
Current liabilities	126,911	11,052	137,963
Non-current liabilities	9,660	13,520	23,180
Total liabilities	<u>136,571</u>	<u>24,572</u>	<u>161,143</u>
Net assets	<u>308,681</u>	<u>(3,878)</u>	<u>304,803</u>
Non-controlling interests	<u>92,604</u>	<u>(1,163)</u>	<u>91,441</u>

16. Investment in subsidiaries (cont'd.)

(b) Non-controlling interests in subsidiaries (cont'd.)

(ii) Summarised statements of comprehensive income

At 31 December 2025	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Revenue	39,910	-	39,910
Profit/(loss) for the year	4,072	(2,618)	1,454
Profit/(loss) representing total comprehensive income/(loss) attributable to the non-controlling interests	<u>1,221</u>	<u>(785)</u>	<u>436</u>
At 31 December 2024	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Revenue	48,707	-	48,707
Profit/(loss) for the year	8,495	(3,060)	5,435
Profit/(loss) representing total comprehensive income/(loss) attributable to the non-controlling interests	<u>2,548</u>	<u>(918)</u>	<u>1,630</u>

(iii) Summarised statements of cash flows

At 31 December 2025	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Net cash used in operating activities	(8,933)	(35)	(8,968)
Net cash generated from investing activities	256	-	256
Net cash generated from financing activities	1,796	-	1,796
Net (decrease) in cash and cash equivalents	<u>(6,881)</u>	<u>(35)</u>	<u>(6,916)</u>
Cash and cash equivalents at beginning of the year	<u>7,579</u>	<u>36</u>	<u>7,615</u>
Cash and cash equivalents at end of the year	<u>698</u>	<u>1</u>	<u>699</u>
At 31 December 2024	MEDSB Group RM'000	EMLSB RM'000	Total RM'000
Net cash generated from operating activities	9,211	35	9,246
Net cash generated from investing activities	1,004	-	1,004
Net cash used in financing activities	(14,783)	-	(14,783)
Net (decrease)/increase in cash and cash equivalents	<u>(4,568)</u>	<u>35</u>	<u>(4,533)</u>
Cash and cash equivalents at beginning of the year	<u>12,147</u>	<u>1</u>	<u>12,148</u>
Cash and cash equivalents at end of the year	<u>7,579</u>	<u>36</u>	<u>7,615</u>

17. Intangible assets

Group	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2024	197,003	2,317	199,320
Additions	-	244	244
At 31 December 2024, 1 January 2025 and 31 December 2025	197,003	2,561	199,564
Accumulated amortisation			
At 1 January 2024	-	2,205	2,205
Amortisation (Note 8)	-	45	45
At 31 December 2024 and 1 January 2025	-	2,250	2,250
Amortisation (Note 8)	-	86	86
At 31 December 2025	-	2,336	2,336
Accumulated impairment losses			
At 1 January 2024, 31 December 2024 and 31 December 2025	197,003	-	197,003
Net carrying amount:			
At 31 December 2024	-	311	311
At 31 December 2025	-	225	225
Company			Computer software RM'000
Cost			
At 1 January 2024			1,548
Additions			244
At 31 December 2024 and 1 January 2025			1,792
Additions			-
At 31 December 2025			1,792
Accumulated amortisation:			
At 1 January 2024			1,453
Amortisation (Note 8)			40
At 31 December 2024 and 1 January 2025			1,493
Amortisation (Note 8)			83
At 31 December 2025			1,576
Net carrying amount			
At 31 December 2024			299
At 31 December 2025			216

18. Trade and other receivables

Group	Note	2025 RM'000	2024 RM'000
Current			
Trade receivables			
Amount due from third parties	(a)	17,120	22,033
Retention sum on construction contracts		47	115
Concession income receivables	(b)	116,391	105,358
		<u>133,558</u>	<u>127,506</u>
Expected credit losses	(c)	(1,545)	(1,718)
Trade receivables, net		<u>132,013</u>	<u>125,788</u>
Other receivables			
Amount due from immediate holding company	(d)	53	53
Deposits		5,661	5,775
Sundry receivables		3,047	3,107
		<u>8,761</u>	<u>8,935</u>
Expected credit losses	(c)	(1,124)	(1,124)
Other receivables, net		<u>7,637</u>	<u>7,811</u>
Total current receivables		<u>139,650</u>	<u>133,599</u>
Non-current			
Trade receivables			
Amount due from third parties	(f)	214	214
Concession income receivables	(b)	139,896	256,287
		<u>140,110</u>	<u>256,501</u>
Expected credit losses	(c)	(214)	(214)
Trade receivables, net		<u>139,896</u>	<u>256,287</u>
Other receivables			
Long term receivables	(e)	45,875	47,579
Expected credit losses	(c)	(45,748)	(45,748)
Other receivables, net		<u>127</u>	<u>1,831</u>
Total non-current receivables, net		<u>140,023</u>	<u>258,118</u>
Total trade and other receivables		<u>279,673</u>	<u>391,717</u>

18. Trade and other receivables (cont'd.)

Company	Note	2025 RM'000	2024 RM'000
Current			
Trade receivables			
Amount due from:			
- third parties	(a)	70	70
- subsidiaries	(d)	11,407	6,507
		<u>11,477</u>	<u>6,577</u>
Expected credit losses	(c)	(3,080)	(3,020)
Trade receivables, net		<u>8,397</u>	<u>3,557</u>
Other receivables			
Amount due from:			
- subsidiaries	(d)	63,640	63,027
- immediate holding company	(d)	53	53
Deposits		722	696
Sundry receivables		804	103
		<u>65,219</u>	<u>63,879</u>
Expected credit losses	(c)	(11,731)	(11,731)
Other receivables, net		<u>53,488</u>	<u>52,148</u>
Total current receivables		<u>61,885</u>	<u>55,705</u>
Non-current			
Other receivables			
Long term receivables			
- third party	(e)	36,869	38,320
- amount due from subsidiaries	(d)	56,837	58,282
		<u>93,706</u>	<u>96,602</u>
Expected credit losses	(c)	(72,352)	(72,352)
Total non-current receivables, net		<u>21,354</u>	<u>24,250</u>
Total trade and other receivables		<u>83,239</u>	<u>79,955</u>

18. Trade and other receivables (cont'd.)

(a) Trade receivables

Ageing analysis of trade receivables

Ageing analysis of the Group's and of the Company's trade receivables from third parties are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current	268	1,820	-	-
1 to 30 days past due	2,599	2,040	-	-
31 to 60 days past due	1,130	1,308	-	-
61 days to 90 days past due	593	1,249	-	-
91 days to 120 days past due	100	1,939	-	-
More than 121 days past due	10,885	11,959	-	-
	<u>15,575</u>	<u>20,315</u>	<u>-</u>	<u>-</u>
Credit impaired				
Individually impaired	1,545	1,718	70	70
	<u>17,120</u>	<u>22,033</u>	<u>70</u>	<u>70</u>

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2024: 7 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Concession income receivables

Group	2025 RM'000	2024 RM'000
Concession income receivables:		
Within 1 year	136,779	136,779
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	11,413	148,190
	<u>284,971</u>	<u>421,748</u>
Unearned income	(28,684)	(60,103)
	<u>256,287</u>	<u>361,645</u>
Concession income receivables analysed as:		
Due within one year	116,391	105,358
Due after one year	139,896	256,287
	<u>256,287</u>	<u>361,645</u>

The Group's normal trade credit term on concession income receivables is 21 days (2024: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

The entire concession income receivables are due from the Government of Malaysia.

18. Trade and other receivables (cont'd.)

(c) Allowance for expected credit losses

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the expected credit losses is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the year.

Movement in allowance accounts for trade receivables:

Group	2025 RM'000	2024 RM'000
At 1 January	1,932	1,843
Expected credit losses (Note 8)		
- Individually assessed	-	885
- Reversal of expected credit losses	(173)	(796)
At 31 December	<u>1,759</u>	<u>1,932</u>
 Company		
At 1 January	3,020	3,929
Expected credit losses (Note 8)		
- Individually assessed	60	240
- Reversal of expected credit losses	-	(1,149)
At 31 December	<u>3,080</u>	<u>3,020</u>

18. Trade and other receivables (cont'd.)

(c) Allowance for expected credit losses (cont'd.)

Movement in allowance accounts for other receivables:

Group	2025 RM'000	2024 RM'000
At 1 January	46,872	48,703
Expected credit losses (Note 8)		
- Reversal of expected credit losses	-	(1,831)
At 31 December	<u>46,872</u>	<u>46,872</u>
Company		
At 1 January	84,083	85,653
Expected credit losses (Note 8)		
- Reversal of expected credit losses	-	(1,570)
At 31 December	<u>84,083</u>	<u>84,083</u>

- (i) Included in the amounts due from subsidiaries of the Company as at 31 December 2025 is an amount due from Encorp Development Pty. Ltd. ("EDPL") with a net carrying amount of RM14,854,000 (2024: RM15,011,000). The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the assets and the present value of estimated future cash flows receivable from EDPL. The accumulated expected credit losses was RM35,483,000 (2024: RM35,483,000).

(d) Amounts due from subsidiaries and immediate holding company

The amounts due from subsidiaries and immediate holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM45,479,000 (2024: RM45,817,000) which bears interest at rates ranging from 5.93% to 6.00% (2024: 5.86% to 6.00%).

The management of the Group monitors the cash flows and funding requirements of the Company and its subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to subsidiaries and related companies of the Company when required.

As at 31 December 2025 and 31 December 2024, no demand for repayment has been made by the Company for any of the balances due from the subsidiaries or immediate holding company. Considering the nature and terms of these balances, the Company has assessed that there are no amounts which are regarded as past due and no ageing analysis has been presented for these balances.

- (e) Long term other receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).
- (f) Long term trade receivables were in relation to the amount due from Geohan Sdn. Bhd..

19. Leases

Group as a lessee

The Group and the Company lease 20 units office premise until June 2031. Lease payments to be increased every 3 years from July 2016 to reflect current market rentals. The Group has also leased 2 units office premise until March 2025.

The Group and the Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cost				
At 1 January	22,527	22,527	22,342	22,342
Derecognition	(202)	-	-	-
Remeasurement	17	-	-	-
At 31 December	<u>22,342</u>	<u>22,527</u>	<u>22,342</u>	<u>22,342</u>
Accumulated depreciation				
At 1 January	11,133	9,218	10,956	9,134
Derecognition	(202)	-	-	-
Charge for the financial year (Note 8)	1,847	1,915	1,822	1,822
At 31 December	<u>12,778</u>	<u>11,133</u>	<u>12,778</u>	<u>10,956</u>
Net carrying amount				
At 31 December	<u>9,564</u>	<u>11,394</u>	<u>9,564</u>	<u>11,386</u>

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	14,947	16,611	14,938	16,502
Accretion of interest (Note 7)	846	950	846	946
Remeasurement	17	-	-	-
Payments	(2,726)	(2,614)	(2,700)	(2,510)
At 31 December	<u>13,084</u>	<u>14,947</u>	<u>13,084</u>	<u>14,938</u>

19. Leases (cont'd.)

Group as a lessee (cont'd.)

(b) Lease liabilities (cont'd.)

Leases liabilities are payables as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current				
Less than one year	2,035	1,863	2,035	1,854
Non-current				
More than 1 year and less than 2 years	2,160	2,035	2,160	2,035
More than 2 years and less than 5 years	8,136	4,665	8,136	4,665
5 years or more	753	6,384	753	6,384
Total non-current lease liabilities	11,049	13,084	11,049	13,084
Total lease liabilities	13,084	14,947	13,084	14,938

The maturity analysis of lease liabilities is disclosed in Note 33(b).

(c) Lease payments not recognised as a liability

The Group and the Company had elected not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less) or for leases of low-value assets. Payments made under such leases are expensed on straight-line basis.

The expenses relating to payments not included in the measurement of the lease liability during the financial year is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Expenses relating to short-term leases (Note 8)	236	89	380	290

The Group and the Company had total cash outflows for leases of RM2,962,000 (2024: RM2,703,000) and RM3,080,000 (2024: RM2,800,000) respectively during the financial year.

19. Leases (cont'd.)

Group as a lessor

Operating lease commitments

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to five years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2025 RM'000	2024 RM'000
Not later than 1 year	6,576	5,409
Later than 1 year but not later than 5 years	4,504	3,652
	11,080	9,061

20. Deferred tax

Deferred tax as at 31 December relates to the following:

Group	As at 1 January 2024 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2024 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2025 RM'000
Deferred tax liabilities:					
Property, plant and equipment	17	-	17	(8)	9
Contract assets	109,685	(22,889)	86,796	(25,966)	60,830
Investment properties	3,509	674	4,183	431	4,614
	113,211	(22,215)	90,996	(25,543)	65,453
Deferred tax assets:					
Tax losses and capital allowances	(72,963)	22,665	(50,298)	19,319	(30,979)
Loans and borrowings	(36,925)	4,651	(32,274)	6,241	(26,033)
Provisions and others	(2,220)	(6,723)	(8,943)	3	(8,940)
	(112,108)	20,593	(91,515)	25,563	(65,952)
	1,103	(1,622)	(519)	20	(499)

20. Deferred tax (cont'd.)

Presented after appropriate offsetting as follows:

Group	2025 RM'000	2024 RM'000
Deferred tax assets	(5,113)	(4,702)
Deferred tax liabilities	4,614	4,183
	<u>(499)</u>	<u>(519)</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unutilised tax losses	218,656	194,353	23,409	23,379
Unabsorbed capital allowances	6,150	5,759	3,841	3,724
Other deductible temporary differences	46,329	50,460	5,422	4,224
	<u>271,135</u>	<u>250,572</u>	<u>32,672</u>	<u>31,327</u>

Effective from Year of Assessment 2019, the unutilised tax losses of the Group as at 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded. The carry forward period for such losses was extended to 10 years based on Finance Act 2021 which was gazetted on 31 December 2021.

The unutilised tax losses and unabsorbed capital allowances of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial changes in the shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Utilisation period				
Indefinite	6,150	5,759	3,841	3,724
Within 3 years from recognition	66,775	60,589	11,071	11,071
Within 4 years from recognition	39,616	39,616	2,155	2,155
Within 5 years from recognition	15,939	15,939	1,062	1,062
Within 6 years from recognition	17,665	17,665	1,880	1,880
Within 7 years from recognition	24,375	24,375	2,748	2,748
Within 8 years from recognition	23,058	23,058	4,245	4,245
Within 9 years from recognition	13,111	13,111	218	218
Within 10 years from recognition	18,117	-	30	-
	<u>224,806</u>	<u>200,112</u>	<u>27,250</u>	<u>27,103</u>

21. Other investments

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
<i>Amortised cost</i>					
Amount placed with a financial services advisory firm		4,645	4,645	-	-
Provision for impairment		(4,645)	(4,645)	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fair value through profit or loss</i>					
Money market investment securities	(a)	146,052	141,451	2	2
		<u>146,052</u>	<u>141,451</u>	<u>2</u>	<u>2</u>

- (a) The investment securities are restricted investment scheme in the short-term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The income received from the investment securities shall where necessary, be remitted into the Escrow Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

22. Contract assets/(liabilities)

	Note	Group	
		2025 RM'000	2024 RM'000
Contract assets			
Property development	(a)	6,407	8,041
Construction contract	(b)	4,654	2,271
		<u>11,061</u>	<u>10,312</u>
Contract liabilities			
Property development	(a)	(4,451)	(10,786)
Construction contract	(b)	(2,030)	(262)
		<u>(6,481)</u>	<u>(11,048)</u>

22. Contract assets/(liabilities) (cont'd.)

(a) Contract assets/(liabilities) from property development

Group	2025 RM'000	2024 RM'000
Contract assets		
Accrued billings	6,407	8,041
Contract liabilities		
Progress billings	(4,451)	(10,786)
	<u>1,956</u>	<u>(2,745)</u>

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

Group	2025 RM'000	2024 RM'000
Contract assets		
At 1 January	(2,745)	3,286
Revenue recognised during the year	46,041	66,564
Progress billings during the year	(41,340)	(72,595)
At 31 December	<u>1,956</u>	<u>(2,745)</u>

(b) Contract assets/(liabilities) from construction contract

Group	2025 RM'000	2024 RM'000
Contract assets		
Accrued billings	4,654	2,271
Contract liabilities		
Progress billings	(2,030)	(262)
	<u>2,624</u>	<u>2,009</u>

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

Group	2025 RM'000	2024 RM'000
At 1 January	2,009	2,722
Revenue recognised during the year	8,696	2,057
Progress billings during the year	(8,081)	(2,770)
At 31 December	<u>2,624</u>	<u>2,009</u>

The directors of the Group measure the loss allowance on amounts due from customers at an amount equal to lifetime expected credit losses, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

The management monitors the movement of the contracts assets balance and there is no balance which is assessed as past due or is to be impaired.

23. Other current assets

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Prepayments	43	781	2	427
Consideration payable to customers	210	412	-	-
	<u>253</u>	<u>1,193</u>	<u>2</u>	<u>427</u>

Included in the consideration payable to customers are the cost for sales and purchase agreements as a result of entering into contract with customers.

24. Cash and cash equivalents

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	(a)	4,046	16,789	517	747
Deposits with licensed banks	(b)	1,210	975	-	-
Deposits, cash and bank balances	(c)	5,256	17,764	517	747
Less: Deposits with tenure of more than 3 months		(1,210)	(975)	-	-
Cash and cash equivalents		<u>4,046</u>	<u>16,789</u>	<u>517</u>	<u>747</u>

(a) Included in cash at bank of the Group is an amount of RM767,000 (2024: RM2,548,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and RM15,000 (2024: RM12,000) held pursuant to Section 7 of the Housing (Control and Licensing of Development) Enactment, 1978 and restricted from use in other operations.

(b) The deposits with licensed banks amounting to RM917,000 (2024: RM940,000) of the Group are pledged to banks as securities for credit facilities granted to subsidiaries.

(c) Cash at bank and on hand of the Group include an amount of RM87,000 (2024: RM48,000) maintained in Escrow Account and Finance Service Reserve Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 1 month to 12 months, depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 2.45% to 3.80% (2024: 2.45% to 4.00%) per annum respectively.

25. Share capital and treasury shares

	-----Group and Company-----			
	-----Number of ordinary-----		-----Amount-----	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>316,684,717</u>	<u>(386,000)</u>	<u>399,016</u>	<u>(327)</u>

25. Share capital and treasury shares (cont'd.)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2025, the Company held as treasury shares a total of 386,000 (2024:386,000) of its 316,684,717 (2024: 316,684,717) issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,731 (2024: RM326,731)

26. Other reserves

		2025 RM'000	2024 RM'000
	Note		
Foreign currency translation reserve	(a)	4,191	3,325
Capital contribution reserve	(b)	23,172	23,172
Fair value reserve	(c)	5,866	5,866
		<u>33,229</u>	<u>32,363</u>

(a) Foreign currency translation reserve

	Group RM'000
At 1 January 2024	(917)
Foreign currency translation	4,242
At 31 December 2024 and 1 January 2025	<u>3,325</u>
Foreign currency translation	866
At 31 December 2025	<u>4,191</u>

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(b) Capital contribution reserve

A subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. ("EBKSB") had on 20 January 2016 entered into a Master Development Agreement with FELDA, the ultimate holding body, in which EBKSB accepts the development rights for the development of one (1) plot of leasehold land measuring approximately 640.98 acres held at Mukim Bukit Katil, District of Melaka Tengah in Melaka for a total cash consideration of RM583,600,000.

The capital contribution reserve represents the amount waived by FELDA of RM23,172,000 pursuant to a settlement agreement entered into between FELDA and EBKSB to discharge EBKSB's obligation on the land to FELDA for the Master Development Agreement.

(c) Fair value reserve

The fair value reserve represents the gain on revaluation arising from transfer of office building from property, plant and equipment to investment properties due to change in use prior years.

27. Trade and other payables

Group	Note	2025 RM'000	2024 RM'000
Current			
Trade payables			
Amount due to:			
- third parties	(a)	13,633	13,821
Retention sum on construction contracts		11,524	10,907
Land proprietor	(b)	2,006	1,620
Total trade payables		27,163	26,348
Other payables			
Amount due to:			
- ultimate holding company		3,816	3,220
- immediate holding company	(c)	4,354	5,337
Sundry payables		14,992	18,107
Provision for short-term accumulating compensated absences	(d)	293	331
Other accruals	(g)	40,322	47,363
Total other payables		63,777	74,358
Total current trade and other payables		90,940	100,706
Non-current			
Trade payables			
Land proprietor	(b)	-	1,526
Non-controlling interests of a subsidiary	(f)	14,199	13,520
Total non-current trade payables		14,199	15,046
Total trade and other payables		105,139	115,752
Company			
Current			
Trade payables			
Amount due to third party	(a)	8	8
Other payables			
Amount due to:			
- subsidiaries	(e)	46,966	43,071
- immediate holding company	(c)	4,354	5,337
Sundry payables		5,015	5,630
Provision for short-term accumulating compensated absences	(d)	107	140
Other accruals		12,509	8,077
Total other payables		68,951	62,255
Total trade and other payables		68,959	62,263

27. Trade and other payables (cont'd.)

- (a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 14 to 60 days (2024: 14 to 60 days).

In the prior years, certain subsidiaries of the Group had commenced arbitration proceedings in relation to claims made against certain contractors which were involved in the property development projects of the Group. These contingent assets have not yet been recognised in the financial statements as at 31 December 2025, pending the outcome of the arbitration proceedings.

In addition, no incremental provisions have been recognised in relation to counter-claims by these contractors, as the Group has assessed, in consultation with its legal advisors that it is probable that the Group would be successful in its defense against these claims.

- (b) These are amounts due in relation to the purchase of 1.6 acres of land at Bukit Kepayan, Kota Kinabalu. The outstanding amount is repayable progressively in tandem with the progress of construction work or drawdown of financing facility.
- (c) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate of 5.08% (2024: 5.08%) except for an amount of RM3,320,000 (2024:RM4,570,000) which bears interest rate of 6.00% (2024: 6.00%).
- (d) The movement of provision for short-term accumulating compensated absences is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At beginning of financial year	331	269	140	98
Recognised in profit or loss (Note 9)	293	331	107	140
Utilised during the year	(331)	(269)	(140)	(98)
At end of financial year	<u>293</u>	<u>331</u>	<u>107</u>	<u>140</u>

- (e) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.
- (f) These are amounts due in relation to the purchase of a piece of 4.97 acres freehold development land in Daerah Kuatan, Pahang. The outstanding amount is repayable progressively in tandem with the sales collection of properties from the said land.
- (g) Included in other payables is an amount of RM3,338,000 (2024: RM Nil) accrued for the compensation payable to the purchasers and subcontractor arising from the temporary cessation of a property development of the Group.

28. Loans and borrowings

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Secured:					
Sukuk Murabahah	(a)	110,526	101,605	-	-
Term loan 1	(b)	8,023	8,225	-	-
Term loan 2	(c)	420	-	-	-
Bridging loan	(d)	1,667	1,667	-	-
Revolving credit 1	(e)	12,500	12,500	-	-
Revolving credit 2	(f)	15,000	15,000	15,000	15,000
Revolving credit 3	(g)	21,500	19,704	-	-
Hire purchase	(h)	33	37	33	37
Total current loans and borrowings		<u>169,669</u>	<u>158,738</u>	<u>15,033</u>	<u>15,037</u>

28. Loans and borrowings (cont'd)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current					
Secured:					
Sukuk Murabahah	(a)	189,227	299,753	-	-
Bridging loan	(d)	417	2,083	-	-
Hire purchase	(h)	88	126	89	126
Total non-current loans and borrowings		189,732	301,962	89	126
Total loans and borrowings		359,401	460,700	15,122	15,163

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
On demand or within one year	169,669	158,737	15,033	15,037
More than 1 year and less than 2 years	115,375	112,231	75	38
More than 2 years and less than 5 years	74,357	189,732	14	88
	359,401	460,700	15,122	15,163

(a) Sukuk Murabahah

The weighted average effective interest rates of borrowings as at the reporting date is 9.72% (2024: 9.72%) per annum.

A subsidiary of the Group, Encorp Systembilt Sdn. Bhd. had on 18 May 2012 issued Islamic Securities of Sukuk Murabahah ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

- (i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;
- (ii) to fund the Trustees' Reimbursement Account; and
- (iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

28. Loans and borrowings (cont'd)

(a) Sukuk Murabahah (cont'd)

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.44% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

- (i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;
- (ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and
- (iii) first ranking charge and assignment of the designated accounts which include:
 - an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk) are to be deposited and shall be operated solely by the Security Trustee; and
 - a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

- (i) to maintain a Finance Service Cover Ratio of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and
- (ii) to maintain an amount equivalent to the next immediate profit payment in the Finance Service Reserve Account at least three (3) months prior to such profit payment due date.

(b) Term loan 1

The term loan 1 bears interest at 5.61% (2024: 5.61%) per annum. The loan is secured by three penthouse units located at Western Australia as disclosed in Note 15(c), freehold land as disclosed in Note 15(a) and corporate guarantee provided by the Company and a deed of subordination. In addition, the loan is secured by additional fixed deposit as disclosed in Note 24(b).

(c) Term loan 2

The term loan 2 bears interest at 4.91% (2024: nil) per annum. The loan is supported by corporate guarantee provided by the Company and a deed of subordination. In addition, the loan is secured by additional fixed deposit upon utilization as disclosed in Note 24(b).

(d) Bridging loan

The Bridging loan bears interest at effective cost of funds + 1.75% (2024: cost of funds + 1.75%) per annum.

The loan is secured by Legal Charge over the land held under Town Lease No. 017549665, Jalan Kapayan, Kota Kinabalu, Sabah measuring approximately 0.647 hectares (1.60 acres) and corporate guarantee provided by the Company. The facility was secured via the legal charge and assignment over the Finance Service Reserve Account ("FSRA").

(e) Revolving credit 1

Revolving credit 1 of RM12.5 million is at effective cost of funds + 2.75% (2024: cost of funds + 2.75%) per annum.

This loan are secured by a fixed charge over the Group's one unit (2024: one unit) of terrace shop office recognised as property, plant and equipment as disclosed in Note 13, three units (2024: three units) of terrace shop offices recognised as investment properties as disclosed in Note 14, shopping mall included in investment properties as disclosed in Note 14, assignment over the project account and debenture over fixed and floating charge.

28. Loans and borrowings (cont'd.)

(f) Revolving credit 2

Revolving credit bears interest at cost of funds + 2% per annum. Five units (2024: five units) of terrace shop offices have been charged for the revolving credit facility 2 as disclosed in Note 14.

(g) Revolving credit 3

Revolving credit is at cost of funds + 1.25% per annum. Fifteen units (2024: fifteen units) of terrace shop offices have been charged for the revolving credit facility 3 as disclosed in Note 14 and assignment over the sales proceeds of the Housing Development Account. The facility was secured via the legal charge and assignment over the FSRA.

(h) Hire purchase

The hire purchase of RM190,000 bears interest at an annual interest rate of 2.44% (2024: 2.44%)

29. Other current liabilities

Current	Note	Group	
		2025 RM'000	2024 RM'000
Provision for Liquidated and Ascertained Damages	(a)	3,823	3,823

(a) Provision for Liquidated and Ascertained Damages

The provision is in respect of the estimated liquidated and ascertained damages payable arising from the property development projects undertaken by the Group.

	Group	
	2025 RM'000	2024 RM'000
At 1 January/31 December	3,823	3,823

The Group is involved in certain legal cases involving claims for compensation for the late delivery and the specific performance for the construction of certain public infrastructure relating to a completed property development project of the Group. No incremental provisions have been made in relation to these claims in the current and prior years, as the Group has assessed, in consultation with its legal advisors, that it is probable that the Group would be successful in defending these claims.

30. Financial guarantees

The Company has provided the following guarantees at the reporting date.

Corporate guarantees given to banks of RM8,023,000 (2024: RM8,225,000) for credit facilities granted to subsidiaries.

The management has assessed and concluded that there is no indication that the corporate guarantees would crystallise and no provision for expected credit loss has been provided on these guarantees as the borrowings are also secured over the inventories and other inventories of the subsidiaries. Consequently, the fair value of the corporate guarantees is assessed as nil.

31. Significant related party transactions

(a) Sales and purchases of goods and services

In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group		2025 RM'000	2024 RM'000
Interest charged on advances from immediate holding company (Note 7)		268	324
Company			
Management fees from subsidiaries (Note 4)	(i)	(7,800)	(7,800)
Rental payable to subsidiary (Note 8)	(ii)	145	145
Interest charged to subsidiaries		(129)	(129)
Coupon payable on Redeemable Convertible Secured Loan Stocks ("RCSLS") charged to subsidiary	(iii)	(2,598)	(2,598)

(i) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable at negotiated terms.

(ii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable at negotiated term.

(iii) The coupon payable on RCSLS charged to MEDSB is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2025 and 31 December 2024 are disclosed in Notes 18 and 27.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the year was as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries and other emoluments	754	849	754	849
Contributions to defined contribution plans	108	117	108	117
Other staff related expenses	145	128	145	128
	1,007	1,094	1,007	1,094

32. Fair value measurements

Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Input for the asset or liability that are not based on observable market data (unobservable input).

There is no transfer between Level 1, 2 and 3 during the financial year.

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2025				
Investment properties (Note 14):				
- Shopping mall	-	-	171,000	171,000
- Terrace shop office	-	-	131,000	131,000
- Car park units	-	-	8,000	8,000
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	146,052	-	146,052
	<u>-</u>	<u>146,052</u>	<u>310,000</u>	<u>456,052</u>
At 31 December 2024				
Investment properties (Note 14):				
- Shopping mall	-	-	170,000	170,000
- Terrace shop office	-	-	127,690	127,690
- Car park units	-	-	7,800	7,800
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	141,451	-	141,451
	<u>-</u>	<u>141,451</u>	<u>305,490</u>	<u>446,941</u>
Company				
At 31 December 2025				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	2	-	2
	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
At 31 December 2024				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	2	-	2
	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>

32. Fair value measurements (cont'd.)

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

Property category	Valuation technique	Significant unobservable inputs	Range
At 31 December 2025			
Terrace shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	2.5%-5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM1.80 to RM8.70 psf RM1.80 psf 15% 4.8% 4.5%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	Adjusted range of RM15,874 – RM18,629 per bay
	Investment method	Estimated rental rates Outgoings Allowance for void Capitalisation rate	RM132 per bay/month 25% 10% 6.5%
At 31 December 2024			
Terrace shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	2.5%-5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM1.80 to RM8.50 psf RM1.80 psf 15% 4.8% 4.5%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	Adjusted range of RM15,242 – RM19,873 per bay
	Investment method	Estimated rental rates Outgoings Allowance for void Capitalisation rate	RM132 per bay/month 25% 10% 6.5%

32. Fair value measurements (cont'd.)

Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting recent transactions and sale evidence involving other similar properties in the vicinity as a yardstick. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

Shopping mall

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"), deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

Car park units

In arriving at the market value, the valuer adopted comparison approach and income approach by investment method.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value.

Income approach by investment method involved capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void, reversionary yield rate and term yield rate with all other variables held constant.

		2025 Increase/(decrease) loss net of tax RM'000	2024 Increase/(decrease) loss net of tax RM'000
Estimated rental rates	+ 10%	25,300	25,000
	- 10%	(25,300)	(26,000)
Outgoings	+ 10%	(8,800)	(9,000)
	- 10%	8,800	8,000
Allowance for void	+ 10%	(8,700)	(9,000)
	- 10%	8,700	8,000
Reversionary yield rates	+ 1%	(27,000)	(28,000)
	- 1%	38,200	38,000
Term yield rates	+ 1%	(110)	(500)
	- 1%	40	400

32. Fair value measurements (cont'd.)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (non-current and current)	18
Other investments	21
Cash and bank balances	24
Trade and other payables (excluding provision) (non-current and current)	27
Loans and borrowings (non-current and current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Detail is as disclosed in Note 30.

Categories of financial instrument:

Group	Note	2025 RM'000	2024 RM'000
Financial assets			
At amortised costs:			
Trade and other receivables	18	279,673	391,717
Cash and bank balances	24	5,256	17,764
At fair value through profit or loss:			
Other investments	21	146,052	141,451

32. Fair value measurements (cont'd.)

Categories of financial instrument: (cont'd.)

Group (cont'd.)	Note	2025 RM'000	2024 RM'000
Financial liabilities			
At amortised costs:			
Trade and other payables (excluding provision)	27	104,846	115,421
Loans and borrowings	28	359,401	460,700
Company			
Financial assets			
At amortised costs:			
Trade and other receivables	18	83,239	79,955
Cash and bank balances	24	517	747
At fair value through profit or loss:			
Other investments	21	2	2
Financial liabilities			
At amortised costs:			
Trade and other payables (excluding provision)	27	68,852	62,123
Loans and borrowings	28	15,122	15,163

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and bank balances and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

All trade and other receivables and contract assets are subject to impairment review at the end of the reporting period. The collateral mitigates credit risk and would reduce the extent of impairment allowance for the assets subject to impairment review.

33. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

Exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The details of the financial guarantees provided by the Company to its subsidiaries and the assessment of the expected credit loss and fair values are disclosed in Note 30.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

Group	2025		2024	
	RM'000	% of total	RM'000	% of total
<u>By industry sectors</u>				
Concessionaire sector	256,287	94%	361,645	94%
Property development sector	12,078	4%	19,658	5%
Investment property *	2,528	1%	2,091	1%
Other sector *	2,561	1%	399	0%
	<u>273,454</u>	<u>100%</u>	<u>383,793</u>	<u>100%</u>

* Less than 1% of total receivables

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(b) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from the mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

33. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk management (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2025				
Financial liabilities				
Trade and other payables (excluding provision)	79,123	27,023	-	106,146
Loans and borrowings	197,932	206,643	-	404,575
Lease liabilities	2,100	10,293	756	13,149
Total undiscounted financial liabilities	<u>279,155</u>	<u>243,959</u>	<u>756</u>	<u>523,870</u>
At 31 December 2024				
Financial liabilities				
Trade and other payables (excluding provision)	89,472	27,527	-	116,999
Loans and borrowings	197,863	343,876	-	541,739
Lease liabilities	2,709	11,537	3,780	18,026
Total undiscounted financial liabilities	<u>290,044</u>	<u>382,940</u>	<u>3,780</u>	<u>676,764</u>
Company				
At 31 December 2025				
Financial liabilities				
Trade and other payables (excluding provision)	68,166	-	-	68,166
Loans and borrowings	15,926	96	-	16,022
Lease liabilities	2,100	10,293	756	13,149
Total undiscounted financial liabilities	<u>86,192</u>	<u>10,389</u>	<u>756</u>	<u>97,337</u>
At 31 December 2024				
Financial liabilities				
Trade and other payables (excluding provision)	62,123	-	-	62,123
Loans and borrowings	15,930	139	-	16,069
Lease liabilities	2,700	11,537	3,780	18,017
Total undiscounted financial liabilities	<u>80,753</u>	<u>11,676</u>	<u>3,780</u>	<u>96,209</u>

33. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM67,000 (2024:RM63,000) higher/lower, arising mainly as a result of lower/higher net of interest received from the floating rate other investment and deposit with loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and bank balances and other investments denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM1,323,000 (2024: RM988,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible strengthening in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

	Group	
	2025 Increase/(decrease) profit net of tax RM'000	2024 Increase/(decrease) loss net of tax RM'000
AUD/RM		
- strengthened 2% (2024: 11%)	37	181
- weakened 2% (2024: 11%)	(37)	(181)
	<hr/>	<hr/>

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding Sukuk), trade and other payables, lease liabilities less cash and bank balances, fixed deposits and investment securities. Capital includes equity attributable to the owners of the Company and non-controlling interest.

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loans and borrowings	28	359,401	460,700	15,122	15,163
Trade and other payables	27	105,139	115,752	68,959	62,263
Lease liabilities	19(b)	13,084	14,947	13,083	14,938
Less:					
Sukuk Murabahah	28	(299,753)	(401,358)	-	-
Other investments	21	(146,052)	(141,451)	(2)	(2)
Cash and bank balances	24	(5,256)	(17,764)	(517)	(747)
Net debt		<u>26,563</u>	<u>30,826</u>	<u>96,645</u>	<u>91,615</u>
Equity attributable to the owners of the Company		323,215	335,029	126,952	131,074
Non-controlling interests		91,877	91,441	-	-
Total capital		<u>415,092</u>	<u>426,470</u>	<u>126,952</u>	<u>131,074</u>
Capital and net debt		<u>441,665</u>	<u>457,296</u>	<u>223,597</u>	<u>222,689</u>
Gearing ratio		<u>6%</u>	<u>7%</u>	<u>43%</u>	<u>41%</u>

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured over security as disclosed in Note 28(a) and the Sukuk do not have any financial recourse to the Group.

35. Segment information

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

- (i) Investment holding and the provision of management services;
- (ii) Concessionaire;
- (iii) Construction;
- (iv) Property development;
- (v) Investment property; and
- (vi) Others - trading of building materials and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2025									
Revenue									
External customers	-	31,421	44,773	8,322	8,811	774	-		94,101
Inter-segment	8,183	-	-	1,478	17,505	-	(27,166)	A	-
Total revenue	8,183	31,421	44,773	9,800	26,316	774	(27,166)		94,101
Results:									
Interest income and distribution income	2,745	4,950	10,163	12	30	2	(12,552)		5,350
Interest expense	(1,991)	(34,853)	(6,370)	(9,833)	(86)	(20)	12,560		(40,593)
Depreciation and amortisation	(2,049)	(3)	(224)	(138)	(72)	(15)	79		(2,420)
Rental income	53	-	945	-	-	-	-		998
Other non-cash income	47	182	105	196	-	-	-	B	530
Fair value gain on investment property	-	-	200	4,240	-	-	70		4,510

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2025 (cont'd.)									
Results: (cont'd.)									
Land held for property development write back	-	-	1,085	-	-	-	-		1,085
Segment (loss)/profit	(914)	(645)	(5,586)	(5,323)	(1,800)	(444)	2,468		(12,244)
Assets:									
Additions to non-current assets	108	-	829	15	-	-	-		952
Segment assets	267,919	402,575	535,423	350,758	18,663	59,826	(724,578)		910,586
Segment liabilities	139,645	300,704	285,471	436,262	29,662	23,008	(711,319)		503,433

* Inclusive entities in facilities management, general trading and property investment.

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2024									
Revenue									
External customers	-	41,408	53,083	6,820	2,057	645	-		104,013
Inter-segment	12,071	-	-	1,213	34,079	-	(47,363)	A	-
Total revenue	12,071	41,408	53,083	8,033	36,136	645	(47,363)		104,013
Results:									
Interest income and distribution income	2,754	4,898	10,890	19	18	2	(13,036)		5,545
Interest expense	(2,162)	(44,372)	(6,999)	(10,253)	(146)	(20)	13,046		(50,906)
Depreciation and amortisation	(2,017)	(3)	(314)	(149)	(66)	(13)	70		(2,492)
Rental income	4	-	928	18	-	-	-		950
Other non-cash income	2	188	144	27	46	717	(678)	B	446
Fair value gain on investment property	-	-	-	2,160	-	-	-		2,160

35. Segment information (cont'd.)

	Investment holding and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
At 31 December 2024									
(cont'd.)									
Results: (cont'd.)									
Inventories written back	-	-	1,815	-	-	-	-		1,815
Inventories written down	-	-	(1,056)	-	-	-	-		(1,056)
Segment (loss)/profit	(8,768)	1,094	4,848	(9,322)	(147)	269	15,463		3,437
Assets:									
Additions to non-current assets	331	4	1,781	20	7	-	-	C	2,143
Segment assets	259,413	504,826	554,459	346,621	25,980	58,689	(712,278)	D	1,037,710
Segment liabilities	127,001	401,470	293,869	426,803	37,236	21,413	(696,552)	E	611,240

* Inclusive entities in facilities management, general trading and property investment.

35. Segment information (cont'd.)

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2025 RM'000	2024 RM'000
Other Income-purchasers related income		270	154
Other income		260	292
		<u>530</u>	<u>446</u>

C Additions to non-current assets consist of:

	Note	2025 RM'000	2024 RM'000
Property, plant and equipment	13	134	411
Land held for property development	15(a)	818	1,732
		<u>952</u>	<u>2,143</u>

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2025 RM'000	2024 RM'000
Deferred tax assets	20	5,113	4,702
Tax recoverable		106	173
Inter-segment assets		(729,797)	(717,153)
		<u>(724,578)</u>	<u>(712,278)</u>

E The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2025 RM'000	2024 RM'000
Current tax payable		1,145	787
Deferred tax liabilities	20	4,614	4,183
Inter-segment liabilities		(717,078)	(701,522)
		<u>(711,319)</u>	<u>(696,552)</u>

35. Segment information (cont'd.)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	94,101	104,013	335,644	330,757
Australia	-	-	7,598	6,676
	<u>94,101</u>	<u>104,013</u>	<u>343,242</u>	<u>337,433</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2025 RM'000	2024 RM'000
Property, plant and equipment	13	3,968	4,321
Intangible assets	17	225	311
Investment properties	14	310,000	305,490
Land held for property development	15(a)	<u>29,050</u>	<u>27,311</u>
		<u>343,243</u>	<u>337,433</u>

36. Contingent liabilities

During the year, two former employees of the Group lodged complaints under Section 20(3) of the Industrial Relations Act 1967, alleging that their termination of employment was without just cause or excuse and in breach of their terms of employment and are seeking compensation. The Board of Directors, in consultation with the legal advisors engaged is of the view that it is not probable that the plaintiffs would succeed in their claims. Consequently, no provision has been made for any compensation to the two former employees.

37. Comparatives

Certain comparatives in the notes to the financial statements have been reclassified to conform to the current year's presentation.

O T H E R I N F O R M A T I O N

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

(a) Total Income and Total Assets

	Group	
	2025 RM'000	2024 RM'000
Revenue	94,101	104,013
Other income	12,520	10,909
Interest income	24	30
Total Income	106,645	114,952
Total Assets	908,779	1,037,710

(b) Business Activities

	Group	
	2025 RM'000	2024 RM'000
Shariah Non-Compliant Activities		
Interest income	24	30
Total	24	30

(c) Component of Financial Position

(i) Cash Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Account/Instruments		
Cash and bank balances (exclude cash in hand)	3,713	15,116

	Group	
	2025 RM'000	2024 RM'000
Shariah Non-Compliant Activities		
Cash and bank balances (exclude cash in hand)	1,543	2,648
Total	5,256	17,764

(ii) Debt Component

	Group	
	2025 RM'000	2024 RM'000
Islamic Financing		
Current	161,613	150,476
Non-Current	189,644	301,836
Total Financing	351,257	452,132

	Group	
	2025 RM'000	2024 RM'000
Conventional Borrowing		
Current	8,056	8,262
Non-Current	88	126
Total Debt	8,144	8,388

LIST OF PROPERTIES

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS * AS AT 31.12.2025 (RM'000)	YEAR OF ACQUISITION
Completed Investment Properties				
Warna Avenue	29 units terrace shop offices	18,124	139,700	2013
Strand Mall	4 storey retail podium including a basement car park and 4 levels of car park located above the retail podium	122,445	171,000	2013
Garden Office, Kota Damansara, Selangor Darul Ehsan on PN 96661, Lot 53635, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	516 units of car park bay (99 years lease expiring on 14/11/2107)	6,136	8,000	2021

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS * AS AT 31.12.2025 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Held For Sale				
Garden Office, Kota Damansara, Selangor Darul Ehsan on PN 96661, Lot 53635, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	1 unit of office suites (99 years lease expiring on 14/11/2107)	96	299	2000
PN 83359 Lot 5427 & PN 83360 Lot 5428, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties (99 years lease expiring on 28/03/2104)	922	74	2000
PN 117612 Lot 53634, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	30 units of residential apartment & 71 units of car park bay (99 years lease expiring on 14/11/2107)	5,048	25,428	2000
PN 82706 Lot 4775, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	1 unit of residential properties (99 years lease expiring on 30/03/2104)	178	582	2000
PN 82651 Lot 4714, PN 82663 Lot 4728, PN 83755 Lot 4739 & PN 82678 Lot 4750 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	2 units of residential properties (99 years lease expiring on 28/03/2104 & 30/03/2104)	1,070	1,485	2000

PT 4202 - 4204, 4208 - 4209, 4212 - 4213, 4215, 4217, 4221 - 4224, 4226, 4227 - 4229, 4234, 4236, 4238 - 4239, 4241 - 4242, 4244, 4246, 4253 - 4254, 4256 - 4257, 4260 - 4261, 4267 - 4268, 4275 - 4276, 4279 - 4280, 4283, 4291, 4294, 4297 - 4298, 4302, 4305, 4311, 4318, 4320 - 4321, 4323 - 4324, 4326, 4334, 4338, 4342, 4351, 4355, 4357, 4359, 4363 - 4364, 4367 - 4368, 4372 - 4377, 4379 - 4380, 4382 - 4383, 4387 - 4392, 4399, 4401 - 4407, 4409, 4411 - 4418 and 4423 to 4439, Mukim Padang Siding, Daerah Perlis, Perlis	25 units of residential properties and 17 units of shoptlot (99 years lease expiring on 21/06/2122)	8,609	4,717	2024
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LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS * AS AT 31.12.2025 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Under Development & Land Held for Development				
PN 82833 - 82852 Lot 4902 - 4921, PN 82854 - 82925 Lot 4924 - 4995 & PN 82927 - 82946 Lot 4997 - 5016, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties under construction (99 years lease expiring on 31/03/2104)	22,989	32,055	2000
PT 4946 to 5248 , Mukim Padang Siding, Daerah Perlis, Perlis	Land held for property development (99 years lease expiring on 21/06/2122)	46,934	300	2022
GRN 49511, Lot 4 Seksyen 43, Bandar Kuantan, Daerah Kuantan, Pahang	Freehold land held for property development	20,097	20,635	2022
Town Lease Lot No.017549665, Plan No.01126047, Bukit Kepayan, Daerah Kota Kinabalu, Sabah	Land held for property development (99 years lease expiring on 31/12/2097)	6,475	18,385	2022

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS * AS AT 31.12.2025 (RM'000)	YEAR OF ACQUISITION
Oversea Inventories				
67 McCallum Lane, Victoria Park, Australia being Lots 26, 27 & 28 on Strata Title Plan 63339	3 units of residential apartment (freehold)	1,187	16,416	2010

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS * AS AT 31.12.2025 (RM'000)	YEAR OF ACQUISITION
Inventories - Overseas Properties Under Development & Land Held for Development				
880 North Lake Road, Cockburn Central, Australia	Freehold land held for property development	11,000	7,597	2012

* The figures are based on the net carrying amounts recorded by the respective subsidiaries of the Group.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 27 MARCH 2026

Issued Share Capital	: RM 399,016,243.65 comprising 316, 298,717 ordinary shares *
Class of Shares	: Ordinary shares
Voting Rights	: One (1) vote per ordinary share

* Including 386,000 shares bought and retained as treasury shares

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1 - 99	183	7.27	2,034	0.00
100 - 1,000	446	17.72	226,805	0.07
1,001 - 10,000	1,211	48.11	5,609,006	1.77
10,001 - 100,000	556	22.09	21,093,245	6.67
100,001 - less than 5% of issued shares	119	4.73	52,300,101	16.54
5% and above of issued shares	2	0.08	237,067,526	74.95
Total	2,517	100.00	316,298,717	100.00

INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30	-	-
Federal Land Development Authority	-	-	197,067,526 ^①	62.30
Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65	-	-
Bukhary Sdn. Bhd.	-	-	40,000,000 ^②	12.65

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

② Deemed interest through Anjakan Masyhur Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

LIST OF DIRECTORS' SHAREHOLDINGS

Directors	Shareholdings			
	Direct No. of Shares	%	Indirect No. of Shares	%
Mohd Yusmadi Bin Mohd Yusoff	-	-	-	-
Dr. Wan Ahmad Rudirman Bin Wan Razak	-	-	-	-
Zaina Diana Binti Zinal	-	-	-	-
Nor Azira Binti Abu Bakar	-	-	-	-
Muhammad Fitri Bin Othman	-	-	-	-

LIST OF 30 LARGEST SHAREHOLDERS (as at 27 March 2026)

No.	Name	No. of Shares	%
1	Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30
2	Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65
3	Kamaruzzaman Bin Abu Kassim	7,135,100	2.26
4	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Teh Swee Heng (MM1118)	5,952,000	1.88
5	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hii Sui Cheng (E-JCL)	2,199,700	0.70
6	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	1,516,900	0.48
7	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Khor Kim Hock (B B Klang- CL)	1,391,000	0.44
8	Rosnah Binti Abd Majid	1,354,401	0.43
9	Tan Chee Keong	1,320,000	0.42
10	Cheng Kok Sang	1,301,200	0.41
11	Ting Ding Ing	1,260,500	0.40
12	Wee Huey Chin	1,200,000	0.38
13	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	1,060,800	0.34
14	Abdul Aziz Bin Abdul Kadir	1,000,000	0.32

No.	Name	No. of Shares	%
15.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	1,000,000	0.32
16.	Ang Choon Leng	970,000	0.31
17.	Cartaban Nominees (Asing) Sdn. Bhd. The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	774,000	0.24
18.	Low Lay Ping	768,000	0.24
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stuart Saw Teik Siew	659,500	0.21
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Eow Dick Yen	550,000	0.17
21.	Eng Kim Liong	500,000	0.16
22.	Lim Geok Eng Mary	468,500	0.15
23.	Lee Kek Fook	438,000	0.14
24.	Tan Chin Seng	412,000	0.13
25.	Olive Lim Swee Lian	410,000	0.13
26.	Lim Geok Eng Mary	403,400	0.13
27.	Boon Jit Fan	400,000	0.13
28.	Ang Huat Beng	398,000	0.13
29.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Khing Ping	360,000	0.11
30.	Tin Tong Joo	360,000	0.11
Total		272,631,427	86.19

NOTICE OF 26TH

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 26th Annual General Meeting ("AGM") of ENCORP BERHAD ("the Company") will be held at SPACEHUB Lot S-31, Second Floor, Strand Mall, No.1, Jalan PJU 5/23, Pusat Perdagangan Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 24 June 2026 at 3.00 p.m. for the following purposes:

Agenda

As Ordinary Business

1	To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2	To approve the Directors' fees of up to RM750,000 from the conclusion of 26th AGM until the next AGM of the Company.	(Ordinary Resolution 1)
3	To approve the payment of Directors' benefits of up to RM170,000 and up to RM85,000 for each Director being the medical benefits, from the conclusion of 26th AGM until the next AGM of the Company.	(Ordinary Resolution 2)
4	To re-elect Mohd Yusmadi Bin Mohd Yusoff who retires in accordance with Clause 99 of the Constitution of the Company.	(Ordinary Resolution 3)
5	To re-elect the following Directors who retire in accordance with Clause 106 of the Constitution of the Company: (a) Muhammad Fitri Bin Othman (b) Dr Wan Ahmad Rudirman Bin Wan Razak (c) Zaina Diana Binti Zinal	(Ordinary Resolution 4) (Ordinary Resolution 5) (Ordinary Resolution 6)
6	Retirement of Messrs Ernst & Young PLT as Auditors of the Company, whom has expressed their intention not to seek for re-appointment.	

As Special Business

To consider and, if thought fit, to pass the following resolutions:

7	<p>Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Section 2.3(a) and 2.3(b) of the Circular to Shareholders dated 30 April 2026.</p> <p>"THAT, subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("Encorp Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the Encorp Group with specified classes of related parties (as defined in the Listing Requirements of Bursa Securities and as specified in Section 2.3(a) and 2.3(b) of the Circular to Shareholders dated 30 April 2026) which are necessary for the day-to-day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Encorp Group, on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:</p> <p>(a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;</p>	
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	<p>(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or</p> <p>(c) revoked or varied by resolution passed by the shareholders in a general meeting;</p> <p>whichever is earlier.</p> <p>THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."</p>	<p>(Ordinary Resolution 7)</p>
8	<p>To transact any other ordinary business of which due notice has been given in accordance with the Companies Act, 2016.</p>	

By Order of the Board

Siti Masitah Binti Ibrahim
LS 0010549
SSM PC No. 202408000444

Company Secretary

Company Secretary
Selangor Darul Ehsan
30 April 2026

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2026 (General Meeting Record of Depositors) shall be entitled to attend, speak, and vote at this 26th AGM notes.
2. A proxy may but need not be a member of the Company.
3. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing of proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.
8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.
 - (a) By Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
 - (b) By Electronic Means
The proxy form shall be electronically lodged via fax to +0603-2094 9940 or by email to info@sshhsb.com.my.

Explanatory Notes:

1. Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1) (a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not put for voting.

2. The payment of Directors' fees of up to RM750,000 from the conclusion of the 26th AGM until the next AGM of the Company. (Ordinary Resolution 1)

The payment of Directors' benefits of up to RM170,000 and up to RM85,000 for each Director being the medical benefits, from the conclusion of 26th AGM until the next AGM of the Company (Ordinary Resolution 2)

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the payments to the Directors of the Company as below:

- (a) Payment of Directors' fees of up to RM750,000.
- (b) The details of the estimated total benefits payable to Non-Executive Chairman and Non-Executive Directors from the conclusion of the 26th AGM until the next AGM are as follows:

- (i) The estimated amount of Directors' benefits of up to RM170,000 is calculated based on the number of scheduled Board and Board Committee Meetings and other claimable benefits.
- (ii) The estimated amount of medical benefits of up to RM85,000 for each Director, which includes medical coverage for the Director, his/her spouse and dependent children up to the age of 21.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

3. Retirement by rotation in accordance with Clauses 99 and 106 of the Company's Constitution

Clause 99 of the Company's Constitution states that at each AGM one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) with a minimum of one shall retire from office. In addition, each Director shall retire at least once in every three years but shall be eligible for re-election. Mohd Yusmadi Bin Mohd Yusoff, who retire in accordance with Clause 99 of the Constitution and are eligible for re-election.

Clause 106 of the Company's Constitution stipulates that a Director appointed by the Board shall hold office until the conclusion of the Company's next AGM and be eligible for re-election. Muhammad Fitri Bin Othman, Dr Wan Ahmad Rudirman Bin Wan Razak and Zaina Diana Binti Zinal who retire in accordance with Clause 106 of the Constitution and being eligible, for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 26th AGM and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nominating and Remuneration Committee ("NRC") has reviewed and assessed each of the retiring Directors from the annual assessment and evaluation of the Board for the FY2025. The retiring Directors have also satisfied all the requirements as set out in the Fit and Proper Policy for Directors of the Company. The Board endorsed the recommendation of the NRC on the re-election of the retiring Directors. The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

4. Proposed Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature, namely Section 2.3(a) the sale of properties by the Encorp Berhad Group to related parties and Section 2.3(b) the provision of construction and property development works for the FELDA Group on a recurring basis, as set out in the RRPT Circular dated 30 April 2026.

Statement accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the 26th Annual General Meeting of the Company.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.



ENCORP BERHAD

(Company No: 200001004231 (506836-X))

ADMINISTRATIVE GUIDE FOR THE 26th ANNUAL GENERAL MEETING

Date: Wednesday, 24 June 2026
Time: 3.00 p.m.
Venue: SPACEHUB Lot S-31, Second Floor, Strand Mall, No.1, Jalan PJU 5/23, Pusat Perdagangan Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

ENTITLEMENT TO PARTICIPATE AND VOTE

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2026 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 26th AGM.
- If you are unable to attend the meeting, you may appoint the Chairman of the 26th AGM as proxy and indicate the voting instructions in the Form of Proxy.
- If you wish to personally attend the 26th AGM, please do not submit any Form of Proxy. You will not be allowed to attend the 26th AGM together with a proxy appointed by you.
- The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise, the instrument of proxy should not be treated as valid.
 - By Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
 - By Electronic Means
The proxy form shall be electronically lodged via fax to +0603-2094 9940 or by email to info@sshb.com.my.
- Corporate Shareholder or its authorised representative who wishes to attend and vote during the AGM required to provide the following documents to the Share Registrar:
 - original certificate of appointment of its Corporate Representative under the seal of the corporation; and
 - copy of the Corporate Representative's MyKad (front and back separately) or valid Passport.

REGISTRATION

- Registration will commence at 1.00 pm.
- Please send your original Identity Card ("IC") to the registration personnel for verification.
- No person will be allowed to register on behalf of another person even with the original IC of the other person.
- After the verification and registration, you will be given an identification wristband. If you are attending the meeting as a shareholder/proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall. No person will be allowed to enter the meeting hall without wearing the identification wristband.

POLL VOTING

- The voting at the 26th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company's Share Registrar, Securities Services (Holdings) Sdn Bhd is appointed as Poll Administrator to conduct the polling process and Commercial Quest Sdn Bhd will act as the Independent Scrutineer to verify the result of the poll.

ANNUAL REPORT 2025 AND CIRCULAR TO SHAREHOLDERS

- The Annual Report 2025 and Circular to Shareholders are available on the Company's website at www.encorp.com.my.
- Please note that printed copies of the Annual Report 2025 will be available only upon request. You may submit your request for a printed copy of the Annual Report by completing the enclosed Requisite Form and either send by post to Company's office address at No. 46-G, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor or email to pauline@encorp.com.my, the printed copy of the Annual Report will be despatched to you by ordinary post within four (4) market days from the date of receipt of your request. However, please consider the environment before you decide to request for the printed copy.

REFRESHMENT AND DOOR GIFT

- A refreshment will be provided.
- No door gifts or food vouchers will be distributed to members or proxies attending the 26th AGM.

RECORDING OR PHOTOGRAPHY

- Strictly **NO** unauthorised recording or photography of the proceedings of the 26th AGM.

ENQUIRY

- For enquiries prior to the AGM, please contact Company's Share Registrar during office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. (except public holidays):

Share Registrar	:	Securities Services (Holdings) Sdn. Bhd.	
Contact person	:	Mr Wong Piang Yoong	+603 2084 9168
		Puan Lily	+603 2084 9163
		Cik Nur Suhaila	+603 2084 9169
		General Line	+603 2084 9000
Email address	:	info@sshbsb.com.my	



ENLIGHTENED
CORPORATION,
MAKES ENLIGHTENED
NATION

FORM OF PROXY



ENCORP BERHAD
 (Company No. 200001004231 (506836-X))
 (Incorporated in Malaysia)

No. of Shares Held	
CDS Account No.	
Telephone No.	

*I/We _____
 (Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) _____ (old) _____

of _____
 (Full Address)

_____ (Full Address)

being a member of ENCORP BERHAD hereby appoint _____

_____ NRIC No. (new) _____
 (Full name as per NRIC in CAPITAL letters)

(old) _____ *and/or failing *him/her _____
 (Full name as per NRIC in CAPITAL letters)

NRIC No. (new) _____ (old) _____

or failing *him/her, the Chairman of the Meeting as *my/our proxy(ies) to attend and vote for *me/us on *my/our behalf at the 26th Annual General Meeting ("AGM") of the Company to be held at SPACEHUB Lot S-31, Second Floor, Strand Mall, No.1, Jalan PJU 5/23, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 24 June 2026 at 3.00 p.m. and at any adjournment thereof.

*My/our proxy(ies) is/are to vote as indicated below:

(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' fees of up to RM750,000 from the conclusion of 26th AGM until the next AGM of the Company.		
2.	Approval of Directors' benefits of up to RM170,000 and up to RM85,000 for each Director being the medical benefits, from the conclusion of 26th AGM until the next AGM of the Company.		
3.	Re-election of Mohd Yusmadi Bin Mohd Yusoff as Director.		
4.	Re-election of Muhammad Fitri Bin Othman as Director.		
5.	Re-election of Dr Wan Ahmad Rudirman Bin Wan Razak as Director.		
6.	Re-election of Zaina Diana Binti Zinal as Director.		
7.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3(a) and 2.3(b) of the Circular to Shareholders dated 30 April 2026.		

Dated this day of 2026

 Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2026 (General Meeting Record of Depositors) shall be entitled to attend, speak, and vote at this 26th AGM.
2. A proxy may but need not be a member of the Company.
3. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
4. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing of proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.
8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.
 - (a) By Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
 - (b) By Electronic Means
The proxy form shall be electronically lodged via fax to +0603-2094 9940 or by email to info@sshshb.com.my.

(Fold here)

PLACE
STAMP
HERE

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia


(Fold here)



ENCORP BERHAD

Company No: 200001004231
(506836-X)

No.46-G Jalan PJU 5/22, Encorp Strand, Pusat Perdagangan Kota Damansara,
Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

 www.encorp.com.my

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