



PAN MERCHANT BERHAD
(Registration No.202401010821 (1556671-D))

**FORWARD WITH VISION,
FUTURE IN SIGHT**

ANNUAL REPORT 2025

1 Corporate Overview

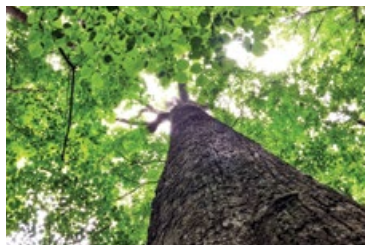
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Cover Rationale

Forward with Vision, Future in Sight

We know where we are going. Our strategy is clear and the solid foundations we have built over nearly four decades of operations shapes how we approach the next phase of our journey. As markets evolve and industries advance, we remain focused on serving our customers by prudently managing risks, maintaining disciplined execution and compounding upon our strong partnerships.

Our growth ambitions purposefully align with long-term transformation. We are deliberately scaling with resilience, growing with integrity and investing into proven technologies. Our collective efforts today builds an enduring platform to serve our customers for generations.



About Us

About Us

We are Malaysia's largest homegrown solid-liquid filtration solutions provider by revenue, with a proven track record of designing, manufacturing, assembling, delivering and commissioning filters. We leverage our in-house design and process engineering expertise to supply customised filtration solutions for large-scale and complex projects, in compliance with specific customer requirements and international standards.

The "PMI" trade name is widely recognised for quality, filtration performance, safety and reliability. Guided by our commitment to "delivering promises with leading-edge solutions", thousands of PMI filtration systems have been installed globally over nearly four decades in key end-user industries such as edible oil, food processing, sustainable fuels, potable water and wastewater and mining. Our network of offices in Malaysia, Singapore, the Netherlands and the United States enable us to offer responsive technical support and spare parts services to customers worldwide.

Mission Statement



As a trusted partner, we are committed to delivering customised filtration solutions and technical expertise for our customers around the world. We build long-term relationships based on our core values of Reliability, Global Mindset, Integrity, Quality and Strong Foundations.

Vision Statement



We proudly represent Malaysia as a trusted engineering solutions partner in the global solid-liquid filtration market. Today we are building the foundations for an international brand of quality and integrity, with the aspiration to serve our customers for generations.

Business Model

	FILTRATION SOLUTIONS	STEEL WORKS	TECHNICAL SUPPORT SERVICES
PRODUCTS/ SERVICES	Design, manufacturing, assembly, delivery and commissioning of: <ul style="list-style-type: none"> • Filter press • Hermetic filters 	Design and/or fabricate steel-based vessels/equipment	<ul style="list-style-type: none"> • After-sales support services • Replacement part support • Maintenance services
REVENUE MODEL	<ul style="list-style-type: none"> • One-off project fee 	<ul style="list-style-type: none"> • One-off project fee 	<ul style="list-style-type: none"> • Recurring service fee
END-USER INDUSTRIES	<ul style="list-style-type: none"> • Edible oil industry • Potable water and wastewater industry • Sustainable fuel industry • Food processing industry • Other industries such as oleochemical, chemical and industrial minerals industries 		

Quality, Certifications & Compliance

We adhere to globally recognised standards and regulatory frameworks:

- ISO 9001: 2015 certificates from Malaysia and United Kingdom Accreditation Services (UKAS)
- Certificate of Authorisation (U and U2 certificates) from ASME of USA
- Certificate of Authorisation (R certification) from National Board of Boiler and Pressure Vessel Inspections of USA
- SELO Licence
- SPAN TS 3002:2021 certification from the National Water Services Commission

Key Milestones

1987

Established Pan-Merchant Industries Sdn Bhd in Kuala Lumpur

2001

First filter press manufactured under "PMI" trade name

2017

30th anniversary; Netherlands office established

1989

Appointed as agent by Eberhard Hoesch & Sohne GmbH & Co

2008

First filter press manufactured for European customers (incl. CE certification)

2022

Singapore office established

1993

First filter press manufactured for American customers

2010

All filter presses sold under "PMI" trade name

2023

US office established

1995

Manufactured and assembled hermetic filters under "LFC Lochem" trade name

2014

First hermetic filter manufactured under "PMI" trade name

2025

Completed IPO on Bursa Malaysia ACE Market

MILESTONES

Corporate Information

Board of Directors

Datuk Tan Leh Kiah
(Independent Non-Executive Chairman)

Wong Voon Ten
(Managing Director)

Wong Nyeon Thiat
(Executive Director)

Wong Voon Yoong
(Executive Director)

Wong Voon Shek
(Executive Director)

Lee Cheng Ngee
(Executive Director)

Datuk Seri Nurmala binti Abd Rahim
(Senior Independent Non-Executive Director)

Datin Ooi Swee Lian
(Independent Non-Executive Director)

Fong Kit Chiu
(Independent Non-Executive Director)

Ir. Viyasan K Krishnan
(Independent Non-Executive Director)

Audit and Risk Management Committee

(Chairman)

Fong Kit Chiu

(Members)

Datuk Seri Nurmala binti Abd Rahim

Datin Ooi Swee Lian

Ir. Viyasan K Krishnan

Nomination Committee

(Chairman)

Datuk Seri Nurmala binti Abd Rahim

(Members)

Fong Kit Chiu

Datin Ooi Swee Lian

Ir. Viyasan K Krishnan

Remuneration Committee

(Chairman)

Datin Ooi Swee Lian

(Members)

Datuk Seri Nurmala binti Abd Rahim

Fong Kit Chiu

Ir. Viyasan K Krishnan

Company Secretaries

Wong Youn Kim (F)
(MAICSA 7018778)
SSM PC No.: 201908000410

Lee Chin Wen (F)
(MAICSA 7061168)
SSM PC No.: 202008001901

Corporate Office

Nos. 17 & 19,
Jalan Pengacara U1/48,
Temasya Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan
Tel : 03-5569 3993
Fax : 03-5569 3131
Email : info@pmi-group.com
Website : www.pmi-group.com

Registered Office

B-25-2, Block B, Jaya One,
No. 72A, Jalan Prof
Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7955 0955
Fax : 03-7955 0959
Email: info@niche.com.my

Sponsors

Affin Hwang Investment Bank Berhad

Level 33, Menara AFFIN,
Lingkaran TRX,
Tun Razak Exchange,
55188 Kuala Lumpur.
Tel: 03-2142 3700

Registrar

Bina Management (M) Sdn Bhd

Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03-7784 3922
Fax : 03-7784 1988

Auditors

Crowe Malaysia PLT (AF 1018)

Level 16, Tower C,
Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur
W.P. Kuala Lumpur
Tel : 03-2788 9999

Principal Bankers

United Overseas Bank
OCBC Bank
Affin Bank
Standard Chartered Bank

Stock Exchange

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : PMIBHD
Stock Code : 0361



Corporate Structure



PAN MERCHANT BERHAD
(Registration No.202401010821 (1556671-D))

100% | **PMI-Technology Sdn Bhd**
("PMIT Malaysia")
Registration No. 200201000399 (568062-K)

100% | **PMI Holding B.V.**
("PMI Holding NL")
Netherlands Company No. 91669669

100% | **PMI-Technology (SG) Pte Ltd**
("PMIT Singapore")
Singapore Company No. 202207963K

60.1% | **PMI-Tech Holding B.V.**
("PMIT Holding BV")
Netherlands Company No. 91671477

100% | **PMI-Tech (Europe) B.V.**
("PMIT Europe NL")
Netherlands Company No. 68173016

100% | **PMI-Tech (USA) B.V.**
("PMIT USA NL")
Netherlands Company No. 91673496

70% | **PMI-Tech NA INC.**
("PMIT US")
US Company No. 2551718

Legend

- Incorporated in Malaysia
- Incorporated in Netherlands
- Incorporated in Singapore
- Incorporated in United States of America

A new chapter unfolds

Pan Merchant Berhad marked a significant milestone with its successful listing on the ACE Market of Bursa Malaysia Securities Berhad on 26 June 2025.



Directors' Profile

EXECUTIVE DIRECTORS



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3

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From left to right

Wong Voon Shek
Executive Director

Wong Voon Yoong
Executive Director

Wong Voon Ten
Managing Director

Wong Nyeon Thiat
Executive Director

Lee Cheng Ngee
Executive Director

INDEPENDENT DIRECTORS



From left to right

**Ir. Viyasan K
Krishnan**
Independent
Non-Executive
Director

**Datuk Seri
Nurmala binti
Abd Rahim**
Senior Independent
Non-Executive
Director

**Datuk
Tan Leh Kiah**
Independent
Non-Executive
Chairman

**Datin
Ooi Swee Lian**
Independent
Non-Executive
Director

Fong Kit Chiu
Independent
Non-Executive
Director

Directors' Profile

DATUK TAN LEH KIAH
Independent Non-Executive Chairman

74

Date of appointment as Director
23 August 2024

Board Meetings Attended



Board Committee

Board Chairman

Present Directorship(s) in other Public/Listed Companies

Nil

Datuk Tan Leh Kiah graduated with a Bachelor of Laws from the University of London, United Kingdom in August 1982 and obtained his Certificate in Legal Practice from the Malaysia Legal Profession Qualifying Board in September 1984. He was admitted as an Advocate and Solicitor of the High Court in Malaysia in January 1986.

He is an Associate of the Institute of the Chartered Secretaries and Administrators since March 1979 and was admitted as a Fellow in April 2012. He is also an Associate of the Chartered Tax Institute of Malaysia since 1995. In addition, he is a Solicitor of the Supreme Court of Brunei Darussalam since March 1999 and of the Supreme Court of England and Wales since September 2000.

He began his career with the Registry of Companies under the Ministry of International Trade and Industry (now known as the Ministry of Investment, Trade and Industry) in 1972 as Assistant Registrar of Companies. In 1977, he joined the Inchcape Group as Group Company Secretary before leaving in 1985.

In 1986, he joined Azman Davidson & Co, Kuala Lumpur as Managing Partner and was responsible for managing the firm and advising clients on corporate and tax matters. In January 2009, he stepped down as Managing Partner and currently serves as Consultant to the firm.

He previously served as an Independent Non-Executive Director of EXIM Bank Berhad from 2001 to 2006, a member of the Securities Commission Malaysia from 1999 to 2018, an Independent Non-Executive Director of China Construction Bank (Malaysia) Berhad from 2017 to 2023, a director of MPI Generali Insurans Berhad from 2015 to 2023, and a director of Boustead Holdings Berhad from 2012 to 2019.

Directors' Profile



WONG VOON TEN
Managing Director

66  

Date of appointment as Director
23 August 2024

Board Meetings Attended

● ● ● ●

Board Committee

Board Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Mr. Wong Voon Ten is responsible for overseeing the Group's business operations, strategic planning and overall business growth.

He graduated with a Business and Technology Education Council Diploma in Business Studies from Polytechnic of Wales (now part of University of South Wales), United Kingdom in June 1984.

Upon graduation, he joined his family business, Folin & Brothers Sdn Bhd, as Assistant to the Managing Director in October 1984, where he assisted in administrative matters and business development activities relating to the company's engineering product business. He left Folin & Brothers Sdn Bhd in June 1986.

In June 1986, he co-founded Pan-Merchant Industries and was appointed as Managing Director in April 1987. He played a key role in expanding the company's filtration equipment business, including securing the company's appointment as an agent and manufacturer of filter presses, hermetic filters and vessels/equipment, as well as leading the development of large-sized filter presses for the edible oil industry.

PMIT Malaysia was incorporated as a wholly-owned subsidiary of Pan-Merchant Industries in January 2002, and he was appointed as Managing Director. Since 2012, the filtration solution business of Pan-Merchant Industries Sdn Bhd was progressively transferred to PMIT Malaysia, where he continues to lead the business and drive the Group's strategic development.

He is the brother of Wong Nyeon Thiat, Wong Voon Yoong and Wong Voon Shek, brother-in-law to Lee Cheng Ngee and father-in-law to Ko Siu Lun.

Directors' Profile

WONG NYEON THIAT

Executive Director



65  

Date of appointment as Director
23 August 2024

Board Meetings Attended



Board Committee

Board Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Ms. Wong Nyeon Thiat is responsible for overseeing the Group's financial management, including financial planning and strategies, internal control systems and human resource management.

She graduated with a Bachelor of Science (Hons) in Accounting and Financial Management from Loughborough University of Technology, United Kingdom in July 1984.

She began her career in Folin Engineering & Construction Sdn Bhd as an Accountant in September 1984, where she managed the company's accounts before leaving the company in early 1987.

In June 1986, she co-founded Pan-Merchant Industries and appointed as Finance & Administration Manager in April 1987, where she oversaw the company's financial and operational matters.

PMIT Malaysia was incorporated as a wholly-owned subsidiary of Pan-Merchant Industries in January 2002, and she was appointed as Financial Controller.

The filtration solution business of Pan-Merchant Industries was progressively transferred to PMIT Malaysia in 2012, where she continues to oversee the Group's financial reporting, financial planning, internal control system and develop financial plan and strategies to align with corporate strategies.

She was appointed as a Director of PMIT Malaysia in March 2024 and assumed the role as Finance Director.

She is the spouse of Lee Cheng Ngee, the sister to Wong Voon Ten, Wong Voon Yoong, Wong Voon Shek and mother to Lee Han Jun.

Directors' Profile

WONG VOON YOONG

Executive Director



62  

Date of appointment as Director
23 August 2024

Board Meetings Attended

● ● ● ●

Board Committee

Board Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Mr. Wong Voon Yoong is responsible for identifying and developing new market opportunities and pursuing international business leads for the Group.

He completed his Sijil Am Pelajaran from Sekolah Menengah La Salle, Petaling Jaya (now known as Sekolah Menengah Kebangsaan La Salle, Petaling Jaya) in November 1981.

He began his career in Folin & Brothers Sdn Bhd in December 1981 and was seconded to Carrier Malaysia Sdn Bhd as a trainee, where he was involved in the repair and maintenance of air-conditioning units. In mid 1982, he joined MHY Air-Conditioning Sdn Bhd and was involved in site supervision and the preparation of tender proposals. In early 1984, he joined Folin Engineering & Construction Sdn Bhd as Site Supervisor, where he oversaw on-site works carried out by contractors.

In June 1986, he co-founded Pan-Merchant Industries, and was appointed as Sales Director in April 1987. He played a key role in expanding the company's market presence across Asia Pacific, America, Africa and Europe, and in negotiating terms of agreements for the sale and manufacture of filter presses and hermetic filters.

PMIT Malaysia was incorporated as a wholly-owned subsidiary of Pan-Merchant Industries in January 2002, where he assumed the position of Director. Since 2012, the filtration solutions business of Pan-Merchant Industries was progressively transferred to PMIT Malaysia, and he and was appointed as Sales and Marketing Director. He has also been instrumental in establishing the Group's offices in the Netherlands, the United States of America and Singapore to support its international expansion.

He is the brother of Wong Voon Ten, Wong Nyeon Thiat and Wong Voon Shek, and brother-in-law to Lee Cheng Ngee.

Directors' Profile

WONG VOON SHEK

Executive Director



60  

Date of appointment as Director
23 August 2024

Board Meetings Attended



Board Committee

Board Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Mr. Wong Voon Shek oversees our Group's manufacturing, assembly and installation activities for filtration equipment as well as pressure vessels/tanks, and is responsible for improving operational efficiency through process and cost optimisation.

He graduated with a Bachelor of Engineering from University of Bath, United Kingdom, in June 1989.

Upon graduation, he began his career with Wah Seong Engineering Sdn Bhd as a Project Engineer, where he was involved in the installation of Toshiba elevators and escalators. In 1990, he joined Gadelius Sdn Bhd (subsequently under the ABB-Flakt Group) as Project Sales Engineer, providing technical solutions and implementation of air pollution control equipment projects.

In 1992, he joined Pan-Merchant Industries and oversaw the manufacturing, assembly and installation of our equipment and projects as well as supply chain management.

PMIT Malaysia was incorporated as a wholly-owned subsidiary of Pan-Merchant Industries in January 2002, and he was appointed as Director in December 2007. Since 2012, the filtration solutions business of Pan-Merchant Industries was progressively transferred to PMIT Malaysia, and he was appointed as Supply Chain and Operations Director, overseeing the Group's filtration equipment manufacturing operations and operational efficiency initiatives.

He is the brother of Wong Voon Ten, Wong Nyeon Thiat and Wong Voon Yoong, and brother-in-law to Lee Cheng Ngee.

Directors' Profile

LEE CHENG NGE
Executive Director

67

Date of appointment as Director
23 August 2024

Board Meetings Attended

● ● ● ●

Board Committee

Board Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Mr. Lee Cheng Ngee is responsible for identifying new product development opportunities to enhance the Group's filtration equipment capabilities and enhance its technical support services operations.

He graduated with a Bachelor of Science in Production Engineering and Management (Hons) from Loughborough University of Technology, United Kingdom in July 1985. He has been registered as a Graduate Engineer with the Board of Engineers Malaysia since August 1986.

In June 1986, he co-founded Pan-Merchant Industries, and was appointed Director in April 1987. He was responsible for handling the After-Sales Department, where he oversaw technical support services, installation and commissioning for filtration equipment, product development, design activities as well as process improvement initiatives.

PMIT Malaysia was incorporated as a wholly-owned subsidiary of Pan-Merchant Industries in January 2002, and he was appointed as Technical Director. Since 2012, the filtration solutions business of Pan-Merchant Industries was progressively transferred to PMIT Malaysia, where he has continued to lead the Group's technical development and innovation efforts.

Over the years, he has been instrumental in customising the Group's filtration equipment to meet the requirements of various industries, including the development of larger and higher operating pressure filter presses and the introduction and adoption of new and enhanced filtration mechanisms and features.

He is the spouse of Wong Nyeon Thiat and brother-in-law to Wong Voon Ten, Wong Voon Yoong, Wong Voon Shek and father to Lee Han Jun.

Directors' Profile

DATUK SERI NURMALA BINTI ABD RAHIM

Senior Independent Non-Executive Director

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Date of appointment as Director

23 August 2024



Board Meetings Attended



Board Committee

- Nomination Committee Chairperson
- Audit and Risk Management Committee Member
- Remuneration Committee Member

Present Directorship(s) in other Public/Listed Companies

- DPI Holdings Berhad
- Hock Soon Capital Berhad

Datuk Seri Nurmalina Binti Abd Rahim graduated with a Bachelor of Social Science in Urban Studies from Universiti Sains Malaysia in July 1977. She subsequently obtained a Diploma in Public Administration from the National Institute of Public Administration (INTAN) in October 1978 and a Master of Public Administration from Pennsylvania State University, United States of America in May 1988.

She began her career with the Malaysian Government as an Administrative and Diplomatic Officer in 1978 and served in the Ministry of Agriculture and INTAN, where she was involved in policy development, administration and training programmes for government officers.

In 1988, she joined the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) under the Prime Minister's Department as Principal Assistant Director, where she was involved in initiatives to enhance public sector service delivery and administrative systems.

In 2002, she joined the Ministry of International Trade and Industry (now known as Ministry of Investment, Trade and Industry (MITI)) as Director of the ASEAN Division and was involved in ASEAN and Free Trade Agreement negotiations representing Malaysia. During her tenure with MITI, she also served as Minister Counsellor at the Embassy of Malaysia in Tokyo, Japan, and held several senior leadership positions.

In 2007, she joined the Ministry of Plantation Industries and Commodities as Deputy Secretary General and was promoted to Secretary General in February 2011. In this role, she oversaw the development and implementation of policies relating to Malaysia's plantation and commodities sector, including oil palm, rubber, timber, cocoa, pepper and kenaf, and represented Malaysia in international engagements relating to the industry.

She retired from the Malaysian Civil Service in August 2014 upon reaching the mandatory retirement age of 60.

Directors' Profile

DATIN OOI SWEE LIAN

Independent Non-Executive Director



Date of appointment as Director
23 August 2024



Board Meetings Attended



Board Committee

- Remuneration Committee Chairperson
- Audit and Risk Management Committee Member
- Nomination Committee Member

Present Directorship(s) in other Public/Listed Companies

- China Construction Bank (Malaysia) Berhad
- Poh Kong Holdings Berhad

Datin Ooi Swee Lian graduated with a Bachelor of Economics (Hons), majoring in Business Administration, from Universiti Malaya in 1983.

She began her career with Malayan Banking Berhad in May 1983 as an Account Executive in the Lending Division and was later promoted to Credit and Marketing Manager. In June 1986, she joined Lloyds Bank, Hong Kong as a Credit Analyst, where she was involved in credit analysis for multinational corporations.

She subsequently joined Indover Asia Ltd, Hong Kong in October 1986 and held several positions including Senior Relationship Officer, Assistant Manager and Deputy Manager, managing corporate relationships across Indonesia, Singapore and Vietnam.

In October 1994, she joined RHB Bank Berhad and held various senior management positions over the years. Her last position was Executive Vice President and Head of Group Business and Transaction Banking, where she oversaw the strategic direction and growth of the bank's business and transaction banking activities. She left RHB Bank Berhad in December 2017.

In March 2018, she joined Double Dynasty Sdn Bhd as an Advisor where she advised on new projects, and resigned in October 2023. She also served as an Independent Non-Executive Director of Alliance Investment Bank Berhad from November 2018 to August 2022.

Directors' Profile

FONG KIT CHIU

Independent Non-Executive Director



65  

Date of appointment as Director
23 August 2024

Board Meetings Attended



Board Committee

- Audit and Risk Management Committee Chairperson
- Nomination Committee Member
- Remuneration Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Mr. Fong Kit Chiu is a member of the Malaysian Institute of Certified Public Accountants since May 1987 and the Malaysian Institute of Accountants since November 1987.

He was the Malaysia Controller for Western Digital, and was responsible for Finance and business functions for all group entities in Malaysia and Singapore before his retirement in January 2021 after 15 years of service. Mr. Fong Kit Chiu joined that Group as Director of Finance in January 2006 and was later promoted to Senior Director, Finance and then to Malaysia Controller.

He began his career with Ernst & Young PLT (then known as Ernst & Whinney) in Kuala Lumpur in August 1983 and completed his Atichleship in November 1986. In 1988, he was transferred to the firm's London office, where he served for three years and audited companies in many industries including banking, manufacturing and aviation.

Upon returning to Malaysia in February 1991, he joined Public Bank Berhad as Finance Manager for Group Accounts before joining FACB Berhad in January 1994 as Senior Manager, where he gained experience in mergers and acquisitions. In March 1996, he joined Hap Seng Consolidated Berhad as the Financial Controller and Company Secretary, overseeing finance, investor relations, internal audit and corporate exercises.

In April 2001, he joined KPMG PLT as Regional Technical Director for the Asia Anchor Practice, where he oversaw technical matters across 13 countries in the Asia Pacific region.

Directors' Profile

IR. VIYASAN K KRISHNAN

Independent Non-Executive Director



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Date of appointment as Director
23 August 2024

Board Meetings Attended



Board Committee

- Audit and Risk Management Committee Member
- Nomination Committee Member
- Remuneration Committee Member

Present Directorship(s) in other Public/Listed Companies

Nil

Ir. Viyasan K Krishnan graduated with a Bachelor of Science (Civil Engineering) from Loughborough University of Technology, United Kingdom (now known as Loughborough University) in July 1984 and obtained his Bachelor of Laws from the University of London, United Kingdom in August 1996.

He is a Professional Engineer registered with the Board of Engineers, Malaysia since September 1992 and was redesignated as a Professional Engineer with Practising Certificate in February 2016. He is also a member of the Institution of Engineers, Malaysia since January 1992 and a member of the Institute of Arbitrators, Malaysia since March 1996, a certified Project Management Professional awarded by the Project Management Institute, United States of America since April 2009, and currently serves as a member of the Disciplinary Committee Panel of the Malaysian Advocates & Solicitors Disciplinary Board since January 2023.

He began his career with the Malaysian Public Works Department in December 1984 as a Design Engineer (Water Supplies) and subsequently held engineering roles with the Perak Water Board. He later held senior project and management positions

with various organisations including HSS Integrated Sdn Bhd, Tongkah Holdings Berhad, THB-IJM Joint Venture Sdn Bhd, Putera Capital Berhad, Puncak Niaga (M) Sdn Bhd, Central Challenger (M) Sdn Bhd, Nam Fatt Construction Sdn Bhd, Hill International Inc., Progressive Impact Corporation Berhad, Kencana Torsco Sdn Bhd (presently known as Sapura Onshore Sdn Bhd) and GE Power Solutions (Malaysia) Sdn Bhd, where he was involved in engineering, project management, contract management and infrastructure development across various sectors including water, healthcare, construction and oil and gas.

He retired from his professional career in September 2022. Since 2024, he has been an International Certified Professional Trainer accredited by the International Professional Managers Association, United Kingdom and an Accredited Trainer certified by the Human Resource Development Corporation, Malaysia. He is also an IPMA Level A Assessor certified by International Project Management Association (IPMA) Malaysia since October 2024. He currently conducts training on contract and project management in the construction industry on an ad hoc basis.

Notes:

Save as disclosed, none of the Directors have:

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past five (5) years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Key Senior Management Profile

TAN BEE HOI

Chief Financial Officer

Nationality : Malaysian
Gender : Female
Age : 40

Ms. Tan Bee Hoi oversees the Group's finance, accounting, corporate governance, tax, corporate finance, corporate affairs and compliance functions.

She graduated with a Diploma in Accounting from Systematic College under the London Chamber of Commerce and Industry in October 2005. She completed the Association of Chartered Certified Accountants (ACCA) qualification and has been a member of the Association of Chartered Certified Accountants since January 2024. She is also a member of the Malaysian Institute of Accountants since February 2024.

She began her career with UOB Trustee (Malaysia) Bhd in September 2005 before joining RSM Robert Teo, Kuan & Co in January 2008, where she was involved in statutory audit engagements across various industries including the investment, trading and manufacturing industries.

In July 2010, she joined Crowe Malaysia PLT and held various positions before being promoted to Audit Senior Manager in April 2018. During her tenure, she led audit engagements and was involved in assurance services, financial due diligence, forecasts and projections review, initial public offerings and other corporate exercises.

She joined the Group in January 2024 as Chief Financial Officer.

KUM KIN CHUNG

Head of Engineering and Design

Nationality : Malaysian
Gender : Male
Age : 41

Mr. Kum Kin Chung is responsible for leading product development initiatives to design and customise filtration equipment as well as introducing technical enhancements.

He holds a Bachelor of Mechanical Engineering (Thermal-Fluids) from Universiti Teknikal Malaysia Melaka, obtained in August 2007.

He began his career with Pan-Merchant Industries in June 2007 as a Mechanical Draughtsman in the Engineering and Design Department, where he was involved in the preparation of production and assembly drawings for filtration equipment. In June 2009, he was promoted to Mechanical Design Engineer and was responsible for designing filtration equipment to meet industry requirements.

In January 2013, he was transferred to PMIT Malaysia, a wholly-owned subsidiary of the Group, as Assistant Head of Department, where he assisted in overseeing the department's operations and product development activities. In January 2021, he was promoted to Head of the Engineering and Design Department and assumed his current role.

Key Senior Management Profile

LOH CHEE HOONG

Head of Sales

Nationality : Malaysian
Gender : Male
Age : 47

Mr. Loh Chee Hoong oversees the sales and marketing activities in new and existing markets, as well as fostering and maintaining relationships.

He completed his Sijil Pelajaran Malaysia from Sekolah Menengah Jalan Cochrane (now known as Sekolah Menengah Kebangsaan Cochrane) in 1995. He also attended and completed professional courses, i.e. the PLC Diagnostic and Troubleshooting (Basic to Intermediate) with the PCLC (Asia-Pacific) Sdn Bhd; Practical Short Course on "Processing and Products of Vegetable Oil/Biodiesel" with Texas A&M University, Texas, the USA; and the Practical Short Course on "Fundamental of Oilseed and Edible Oil Processing and Refining" with the American Oil Chemist Society, Shanghai, China.

He began his career in 2000 as Project Engineer with DP Controls Sdn Bhd and was later promoted to Senior Project Engineer at DP Systemation Sdn Bhd, managing electrical and automation system design projects. In May 2004, he joined Pan-Merchant Industries as Electrical and Electronic Engineer, conducting control system and panel design, process integration, providing technical support and commissioning of filtration equipment. He took a career break and resigned from Pan-Merchant Industries in April 2006.

He returned to Pan-Merchant Industries in April 2007 as Sales Engineer and was promoted to Sales Manager in July 2011, where he led a team in carrying out sales and marketing activities for filtration equipment. He was subsequently transferred to PMIT Malaysia in July 2013 and assumed his current role as Head of Sales in January 2026.

CHIN WAI CHUN

Factory Operations Senior Manager

Nationality : Malaysian
Gender : Male
Age : 48

Mr. Chin Wai Chun is responsible for overseeing the Group's manufacturing and assembly operations, quality management, supply and inventory management, and logistics.

He graduated with a Bachelor of Engineering in Electronic Systems Engineering from Sheffield Hallam University, United Kingdom in September 2000. He subsequently obtained a Master of Business Administration from Universiti Tunku Abdul Rahman in August 2017.

He began his career in November 2000 as a Service Engineer with Multimarga Sdn Bhd before joining Yosun Industrial Sdn Bhd as Sales Engineer in June 2001. In July 2003, he joined Toprank Corporation Sdn Bhd as Project Engineer, managing tender and supply contracts for high-voltage equipment.

In August 2006, he joined Vyncke Sdn Bhd as International Field Engineer and was promoted to Project Manager in August 2010, where he managed biomass power plant installation and commissioning projects until August 2013.

He joined Latexx Partner Sdn Bhd in September 2016 as Head of Project Implementation and was promoted to Competence Center Senior Manager, Engineering and Projects in May 2019, where he led engineering design, equipment implementation, process improvement initiatives and established quality control management systems.

He joined PMIT Malaysia in January 2022 and currently serves as the Group's Factory Operations Senior Manager.

Key Senior Management Profile

LEE HAN JUN

Head of Innovation and Technology
Director for PMIT Singapore

Nationality : Malaysian
Gender : Male
Age : 33

Mr. Lee Han Jun leads the automation initiatives and implementation of technological tools across the Group's operation to improve operational efficiency.

He completed his General Certificate of Education Advanced Level at Abbey College Cambridge, United Kingdom in August 2012 and graduated with a Master of Engineering in Mechanical Engineering from the University of Bath, United Kingdom in June 2016.

He began his career with Daikin Applied (Malaysia) Sdn Bhd in October 2018 as Engineer 3, System, where he was involved in system design advisory, project management and delivery of equipment to clients.

He joined PMIT Malaysia in April 2020 as Project Engineer, overseeing major projects from design to delivery and commissioning of filters. He was promoted to Innovation Project Engineer in December 2021, where he led the implementation of the SAP Business ByDesign ERP system and was involved in various internal process improvement and automation initiatives. In July 2022, he also assumed the role of Business and Product Development Manager of PMIT Singapore, managing and coordinating technical support services for customers.

He assumed his present role as Head of Innovation and Technology in January 2025.

He is the son of Lee Cheng Ngee and Wong Nyeon Thiat.

CHIN CHEE MING

Senior Manufacturing Manager

Nationality : Malaysian
Gender : Male
Age : 48

Mr. Chin Chee Ming is responsible for overseeing the production process to manufacture goods and coordinate production planning and production schedule.

He graduated with Bachelor in Engineering in Mechanical from University of Malaya in October 2001.

He joined Pan-Merchant Industries in April 2001 as Mechanical Engineer. He rose up the ranks within Pan-Merchant Industries to Assistant Production Manager in July 2004 and Production Manager in July 2007. In July 2009, he was transferred to PMIT Malaysia and promoted to Group Manufacturing Manager.

During his tenure in Pan-Merchant Industries and our Group, he was responsible for managing production activities within our Group's manufacturing plants.

Key Senior Management Profile

CHAN CHEE HING

Head of Administration and Finance

Nationality : Malaysian
Gender : Male
Age : 53

Mr. Chan Chee Hing is responsible for preparation of financial statements and overseeing finance operation.

He graduated with a Bachelor of Commerce from the University of Southern Queensland, Australia in March 1996. He was admitted as a Certified Practising Accountant of the Australian Society of Certified Practising Accountants from June 1999 to December 2025 and has been a Chartered Accountant with the Malaysian Institute of Accountants since October 1999.

Upon graduation in March 1996, he joined Mustapha, Khoo & Co. as Audit Assistant and was subsequently promoted to Audit Semi-Senior and Audit Senior in January 1998, where he led audit engagements for companies across various industries.

In March 2000, he joined Pan-Merchant Industries as Accountant and was involved in the preparation of financial statements. In April 2005, he joined NV Multi Corporation Bhd as Accountant before moving to Fortune Laboratories Sdn Bhd as Finance Manager from April 2006 to June 2007, where he oversaw accounting, taxation and payroll functions.

He joined PMI Malaysia in July 2007 as Head of Department of Administrative & Finance. Currently, he serves as the Group's Head of Administration and Finance and assists the Chief Financial Officer.

KO SIU LUN

Head of Global Operations

Nationality : British
Gender : Male
Age : 36

Mr. Ko Siu Lun is responsible for overseeing the Group's global operations.

He graduated with a Master of Engineering in Civil Engineering from Imperial College London, United Kingdom in August 2012. He subsequently obtained a Master of Science in Computer Science from University College London, United Kingdom in November 2019.

Upon graduation, he joined Deutsche Bank AG, Singapore in August 2013 as an Analyst in the Corporate Finance department and was later promoted to Associate, where he was involved in capital markets financing transactions for companies in Southeast Asia. In June 2018, he resigned to pursue his Master of Science in Computer Science in the United Kingdom.

In May 2020, he joined Essex County Council, United Kingdom as a Data Science Fellow, where he led the delivery of a natural language processing project analysing labour market data to inform local government policies.

In September 2020, he joined Amazon Web Services EMEA SARL, United Kingdom as a Solutions Architect, providing strategic, technical and architectural guidance for cloud migration and digital transformation projects.

He relocated to Malaysia in June 2024 and assumed his present role.

He is the son-in-law of Wong Voon Ten.

Key Senior Management Profile

MARCEL NICOLAAS LUPÉ

Supply Chain and Operations
Director/Managing Director for PMIT Europe NL

Nationality : Dutch
Gender : Male
Age : 49

Mr. Marcel Nicolaas Lupé is responsible for overseeing the Group's Netherlands office, including business development and technical support services for customers in Europe.

He graduated with a Degree in Mechanical Engineering from ROC East Netherlands, Netherlands in March 1999. He also obtained a Diploma of European Welding Coordination Knowledge (Basic Level) from the European Federation for Welding in December 2013.

Upon graduation in March 1999, he joined Ankerslot as Troubleshooting Engineer before joining Van Vreeland Designers and Engineers as Junior Development Engineer in September 1999, where he was later promoted to Designer in September 2000. He left the company in July 2004.

In September 2004, he joined Vimabo Metal Industry B.V. as Constructor / Work Planner and became a 50% shareholder in February 2013, assuming the role of Head of Business Office to oversee the company's operations. In February 2014, he founded Dier & Tuinspecialzaak Tuindorp and managed the business until January 2015.

In February 2017, he was involved in the establishment of PMIT Europe NL and assumed his present position as Managing Director of the Group's Netherlands office.

He is also the director and sole shareholder of Lupé Beheer B.V., which holds a 10% shareholding in PMIT Holding NL, the holding company of PMIT Europe NL. Lupé Beheer B.V. has entered into a management agreement with PMIT Europe NL to provide management services and has assigned Marcel Nicolaas Lupé to act as its director.

RICK SEBASTIAAN VELDKAMP

Sales and Marketing Director for PMIT Europe NL

Nationality : Dutch
Gender : Male
Age : 41

Mr. Rick Sebastiaan Veldkamp assists the Managing Director in securing customers, developing sales, and maintaining client relationships across Europe.

He graduated with a Bachelor of Engineering in Industrial Management from the University of Applied Sciences, Utrecht, Netherlands in January 2008. He subsequently obtained a Master of Science (MSc) from Universiteit van Amsterdam, Netherlands in December 2011.

He began his career with Payfield B.V., Netherlands as Business Development Coordinator in February 2012, where he managed payment systems for large-scale events. In March 2015, he joined Bunge Loders Croklaan (formerly known as IOI Loders Croklaan) as Sales Representative, where he was involved in sales of specialty oils and fats, market analysis and customer relationship management.

He joined PMIT Europe NL in March 2017 and assumed his present position at the Group's Netherlands office.

Notes:

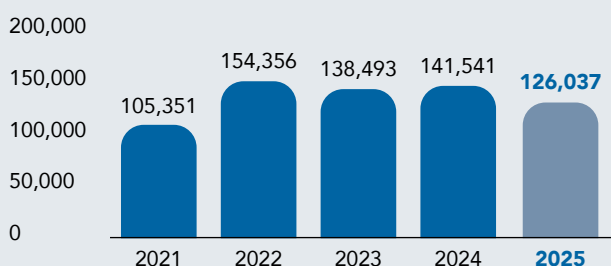
Save as disclosed, none of the Key Senior Management have:

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past five (5) years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

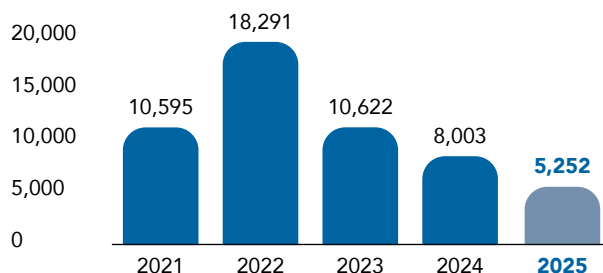
Financial Highlights

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Operating Results					
Revenue	105,351	154,356	138,493	141,541	126,037
Gross profit	37,059	51,014	44,356	50,236	43,477
Earnings before interest, tax, depreciation & amortisation ("EBITDA")	17,603	27,707	18,233	16,549	10,471
Profit before taxation ("PBT")	14,435	24,527	14,276	11,609	6,969
Profit after taxation ("PAT")	10,595	18,291	10,622	8,003	5,252
Profit after taxation and non-controlling interest ("PATNCI")	10,231	17,853	10,542	7,678	4,968
Financial Positions					
Total assets	128,496	125,678	138,658	143,392	179,757
Total equity attributable to owners of the Company	28,609	42,466	62,978	70,313	136,406
Total liabilities	99,061	81,946	74,228	71,316	42,004
Financial Ratios					
GP margin	35.18%	33.05%	32.03%	35.49%	34.50%
EBITDA margin	16.71%	17.95%	13.17%	11.69%	8.31%
PBT margin	13.70%	15.89%	10.31%	8.20%	5.53%
PAT margin	10.06%	11.85%	7.67%	5.65%	4.17%
PATNCI margin	9.71%	11.57%	7.61%	5.42%	3.94%
Current ratio (Times)	1.19	1.39	1.33	1.45	3.57
Gearing ratio (Times)	1.29	0.94	0.53	0.49	0.11

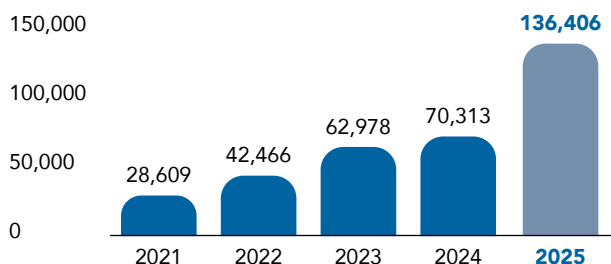
Revenue (RM'000)



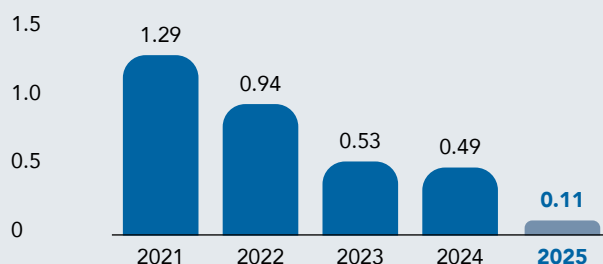
Profit after taxation ("PAT") (RM'000)



Total equity attributable to owners of the Company (RM'000)



Gearing ratio (Times)



Letter from the Chairman



We are strengthening Pan Merchant Berhad's production capacity, elevating our brand positioning and accelerating technical innovation to achieve our goals for expansion within the global solid-liquid filtration industry.



Dear Valued Shareholders,

We are proud to represent Malaysia as a trusted engineering solutions partner in the global solid-liquid filtration industry, and our collective effort today establishes the foundation for Pan Merchant Berhad and its subsidiaries' next chapter. We have achieved significant milestones in 2025, through the successful listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 26 June 2025 and we are deeply grateful for your trust and investment into our future.

On behalf of the Board of Directors ("Board"), it is my honour to present the inaugural Annual Report and audited financial statements of Pan Merchant Berhad and its subsidiaries ("Pan Merchant" or "the Group") for the financial year ended 31 December 2025.

Our Foundation for the Next Chapter

We have proudly served customers around the world as a trusted partner in filtration engineering for nearly four decades. Over the years, we have built long-term relationships to serve a broad range of key end-user industries such as edible oil, food processing, sustainable fuels and potable water and wastewater treatment. Compounding upon this trust, our leadership team has steadily grown our operations from an agency appointment in 1989 to a global network of offices in Malaysia, Singapore, the Netherlands and the United States today. In today's turbulent business landscape - marked by trade wars, geopolitical conflicts, supply chain disruptions, and foreign exchange fluctuations - our customers trust the Group's reputation for unwavering partnership, dependable quality and reliable performance.

Our "PMI" trade name filtration solutions are widely recognised for their customisation to meet our customers' specific requirements and their compliance with internationally recognised standards. Our in-house design and process expertise, combined with our manufacturing facilities and disciplined financial management, enables us to serve large-scale and complex projects. After commissioning, our global platform ensures that our expert technical support and spare parts services are always within reach, ensuring our filters perform and support our customers' continued success.

Chairman's Statement

Financial Year ended 31 December ("FY") 2025

In FY 2025, the Group maintained its gross profit margin at 34.50% and achieved a profit after tax of RM5.25 million, despite a disrupted market environment and increased expenses related to the initial public offering ("IPO") exercise. Our steadfast commitment to quality execution and managing our diversified business across segments, end-user industries and geographies contributed to resilient performance considering cyclical capital expenditure behaviour and uncertain geopolitical backdrop.

Filtration Solutions contributed 66.3% of the Group revenue and Technical Support Services, an important source of recurring revenue from our existing install base of filtration solutions, grew to 22.7% of Group revenue. Sales from our overseas offices continue to scale as Europe and America grew to 21.6% and 18.8% of Group revenue respectively. The Group maintains a well-disciplined and prudent financial position serving as a solid foundation for executing our plans for strengthening production capacity and pursuing growth in new end-user industries and overseas markets.

Our Strategic Direction for Transformational Growth

The successful IPO of the Group accelerates our leadership's vision for competing in the global market. The IPO enables us to reinforce our capabilities for operational excellence, capacity building and technical innovation. These investments strengthen our production teams and streamline our processes with proven technologies, improving our operational efficiency and responsiveness to customers' demands in new markets.

We continue to enhance our ability to serve overseas markets and larger-scale, more complex projects by certifying our operations with internationally recognised standards. The Group has established a Sustainability Framework, in alignment with the Bursa Malaysia's Sustainability Reporting Guide, to integrate Economic, Environmental, Social, and Governance ("EESG") principles into our operations. Our Consumer Sustainability Industry Readiness Index sustainability assessment laid the groundwork for sustainability initiatives to enhance the resilience of our business and maintain the trust of our stakeholders. Our strong governance position differentiates PMI's trade name and demonstrates our long-term commitment to operational excellence, continuous improvement and environmental responsibility.



Outlook and Future Prospects

The Group is optimistic for year 2026 as our intensified sales and marketing activities and investments into our manufacturing capabilities gathers momentum. Despite an on-going disrupted market environment, we expect continued resilient performance and steady growth in the global solid-liquid filtration industry through its alignment to critical industries, namely edible oil, food processing and water treatment. We continue to invest into our seasoned workforce to ensure we have the expertise to capture new opportunities and navigate evolving market conditions.

Acknowledgements

To our shareholders, customers, associates and business partners, we express our sincere gratitude for placing your trust in Pan Merchant Berhad. Your support and continued confidence in Pan Merchant Berhad has been instrumental in enabling the Group to pursue its goals and strengthen its global position as the Malaysian pioneer for the solid-liquid filtration industry.

I wish to thank my fellow Board members for their visionary leadership, insight, and valuable guidance in steering the Group in its next chapter. I also commend our outstanding senior management team and every staff member of the Pan Merchant Group. Your tireless dedication to satisfying our customers and your collective ambition to achieve our global vision have been the driving force behind our achievements. Together, we remain committed on strengthening Pan Merchant Berhad's foundations, driving innovation and sustainability, and "delivering promises with leading-edge solutions" to all stakeholders.

Yours sincerely,

Datuk Tan Leh Kiah

Independent Non-Executive Chairman
Pan Merchant Berhad

Vision for Purposeful Growth



The financial year under review marks a defining inflection point for Pan Merchant Berhad (“Pan Merchant” or the “Group”) as we commence the next chapter of our growth journey as a publicly listed company. Our listing represents more than a corporate milestone, it establishes a strengthened platform from which the Group advances its vision for purposeful growth; growth that is deliberate, disciplined and anchored in long-term value creation.

As we enter this next phase, Pan Merchant remains grounded by the fundamentals that have underpinned our growth to date; high-quality production, deep technical expertise, disciplined delivery and a steadfast commitment to our customers. Our debut on the capital markets enhances our capacity to invest in expanded capabilities, operational scale and technical innovation, while elevating governance standards and transparency in line with the expectations of a broader stakeholder base.



Insights

With nearly four decades of operating experience, the Group has evolved into a solid-liquid filtration solutions provider proudly serving customers across key end-user industries all around the world. Our journey began in 1987 as an appointed agent responsible for marketing and selling industrial filter presses, building a foundation of technical understanding and customer-focused service. Over time, we expanded our design, engineering and manufacturing capabilities to better serve our customers. A defining milestone was achieved in 2010 with the introduction of our proprietary “PMI” trade name of filter presses. Leveraging this platform, we undertake the design, manufacturing, assembly, delivery and commissioning of filtration systems tailored to specific process engineering requirements. This marked our transition from equipment supplier to integrated solutions provider.

Today our portfolio spans comprehensive design and manufacturing capabilities that address our customers’ separation process needs across diverse industries. By aligning engineering precision with operational safety and reliability, we deliver filtration systems that enhance process efficiency, reduce downtime and support our customers’ performance requirements and sustainability objectives. Innovation and quality assurance are key to our value proposition. Our operations comply with internationally recognised standards and certifications, reinforcing our commitment to technical excellence, regulatory compliance and consistent performance delivery.

Management Discussion & Analysis

Insights (Cont'd)

Core Competencies

Pan Merchant's capabilities are structured around three integrated pillars: (i) Filtration Solutions, (ii) Steel Works, and (iii) Technical Support Services. Together, these competencies enable the Group to serve its customers as an end-to-end engineering partner within the solid-liquid filtration industry.

(i) Filtration Solutions



The Group undertakes the design, manufacture, assembly, delivery and commissioning of customised solid-liquid filtration systems, principally filter presses and hermetic filters. Each system is engineered to meet defined process requirements and performance requirements, incorporating operational parameters, site constraints and applicable regulatory considerations such as international standards.

The Group manages projects through the full execution cycle; from engineering design and in-house fabrication to factory testing and on-site commissioning, ensuring performance validation prior to handover. All activities are conducted within structured Quality Assurance and Quality Control (QA/QC) frameworks to uphold engineering integrity, safety compliance and delivery reliability.

(ii) Steel Works



Complementing its filtration expertise, the Group also fabricates structural steel works, process vessels and related equipment.

This capability enables greater integration across plant components, enhances coordination during project execution and strengthens control over quality and timelines. The ability to deliver both filtration systems and supporting steel infrastructure positions the Group to undertake more comprehensive project scopes while maintaining consistency in fabrication standards.

(iii) Technical Support Services



Beyond filtration systems delivery, the Group provides technical support services for filtration system solutions on both a one-off and contract basis. These services include maintenance support, troubleshooting, configuration optimisation and retrofitting works aimed at sustaining operational performance and extending equipment lifespan. Replacement spare parts for wear-and-tear components are also offered.

This lifecycle engagement model reinforces long-term customer relationships and supports process continuity and safety throughout the life of the customers' operations.

Diverse End-User Industries

The Group serves a diversified portfolio of industries where solid-liquid separation is integral to operational performance and regulatory compliance, including the edible oil industry, potable water and wastewater treatment, sustainable fuel production, food processing and other industries such as oleochemical, chemical and industrial minerals industries. Across these sectors, the Group's competencies are applied to meet evolving environmental, quality and operational standards.

Edible Oil Industry	Potable Water and Wastewater	Sustainable Fuel	Food Processing
RBD Palm Oil	Municipal Water	Biodiesel	Sugar
Soybean Oil	Filtered Industrial Wastewater	Hydrotreated Vegetable Oil	Cassava Starch

Management Discussion & Analysis

Insights (Cont'd)

Cross-Border Market Presence

Asia

Africa

Europe

America

Australia

The Group maintains a diversified international presence, supported by a strong domestic operating base and established cross-border capabilities. Headquartered in Selangor, Malaysia, the Group's manufacturing operations are strategically located in Jelapang and Lahat, Perak, providing integrated production capacity and execution control.

From this foundation, the Group serves customers across Asia, Africa, Australia, Europe and America, reflecting its participation in projects all around the world. The Group's ability to deliver across multiple jurisdictions underscores its experience in navigating varying regulatory, technical and commercial requirements. To enhance customer support, market proximity and regional coordination, Pan Merchant operates subsidiaries in the Netherlands and the United States, supporting customers in Europe and America respectively. These regional platforms strengthen client engagement, facilitate project management within local time zones and regulatory frameworks, and reinforce after-sales responsiveness.

While internationally positioned, the Group retains a disciplined operating structure anchored in Malaysia. This balance between centralised manufacturing strength and regional market access underpins the Group's reliability across diverse operating environments and supports sustainable cross-border growth.

Market Dynamic Shaping the Path Ahead

The global economic environment continues to demonstrate resilience amid ongoing structural shifts and emerging growth drivers. According to the International Monetary Fund (IMF), the world economy is projected to sustain moderate growth of around 3.1 % in 2026 and 3.2 % in 2027 albeit slightly lower than earlier expectations due to heightened geopolitical tensions and external uncertainties. Despite this, underlying economic activity remains supported by policy measures and carryover momentum from stronger-than-expected performance in late 2025 and early 2026. Global headline inflation is also expected to see a temporary uptick before easing thereafter, reflecting pressures from higher energy and food prices. In Malaysia, the IMF has revised its 2026 growth forecast upward to 4.7%, signalling continued confidence in the country's domestic resilience and diversified economic base, with growth projected to remain steady at 4.3% in 2027.

Within this broader context, Malaysia's economic performance has remained resilient throughout 2025. Official data indicate that GDP expanded by 5.2% in 2025, exceeding earlier projections and supported by strong domestic demand, sustained export activity and continued investment flows. The expansion reflects broad-based growth across key sectors, signalling underlying economic stability rather than a short-term surge. Looking ahead, growth is expected to moderate but remain on a steady trajectory, supported by ongoing private sector activity, public spending and evolving external demand conditions. Bank Negara Malaysia and the Ministry of Finance project continued expansion, with growth expectations anchored in sustained household spending, capital expenditure and catalytic infrastructure projects under national development plans.

Against this macroeconomic backdrop, end-markets for engineered industrial equipment and process technologies, including solid-liquid separation and filtration solutions, are positioned for steady expansion. Structural drivers such as tightening environmental regulations, heightened focus on water quality and wastewater management, and ongoing investment in manufacturing and process optimisation underpin demand for advanced filtration systems globally. Research forecasts indicate the industrial filtration market was valued above USD 36 billion in 2024 and is projected to grow towards USD 54 billion by 2033, expanding at a compound annual growth rate of approximately 4-5 % over the next decade.

Within this broader market, specialised segments such as filter press solutions, central to the Group's product portfolio, are forecast to grow even more robustly. Independent market analysis projects that the filter press solutions market will expand from an estimated USD 3.6 billion in 2025 to around USD 6.0 billion by 2035, reflecting strong adoption in wastewater treatment, chemical processing, mining and other industrial applications where solid-liquid separation is mission-critical.

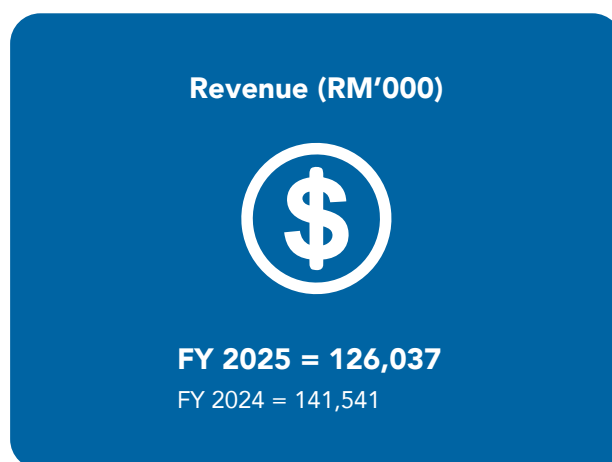
The convergence of these macroeconomic and sector-specific dynamics points to continued, stable demand for engineered filtration solutions within the Group's addressable markets. Growth drivers include ongoing industrialisation in Asia and emerging regions, heightened regulatory compliance requirements for discharge and effluent management, and capital expenditure cycles supporting sustainable operational performance. While external uncertainties such as shifting trade policies and supply chain volatility remain, the underlying structural trends across both the global economy and the industrial filtration landscape provide a supportive backdrop for long-term demand.

Looking forward, the Group expects to capitalise upon these market conditions through its engineering capabilities, diversified end-market exposure and regional presence to capture opportunities arising from infrastructure development, environmental compliance initiatives and industrial process optimisation across its core served sectors.

Management Discussion & Analysis

Key Financial Highlights

For the financial year ended 31 December 2025 ("FY 2025"), the Group's financial performance reflects a year of strategic consolidation and forward positioning as the Group advances into its post-listing phase. Anchored by disciplined execution, strengthened operational capabilities and a prudent capital management approach, the Group remained focused on enhancing operational efficiency, reinforcing its balance sheet and safeguarding margins amid a dynamic operating environment. These efforts underpin a resilient financial foundation designed to support sustainable growth and long-term value creation for shareholders.



Revenue and Profitability

	FY 2023	FY 2024	FY 2025
Revenue (RM'000)	138,493	141,541	126,037
Gross Profit (RM'000)	44,356	50,236	43,477
Gross Profit Margin (%)	32.03	35.49	34.50
Profit Before Tax (RM'000)	14,276	11,609	6,969
Profit After Tax (RM'000)	10,622	8,003	5,252
Earnings Per Share (Sen)	1.15	0.84	0.62

In FY 2025, the Group recorded revenue of RM126.0 million, compared with RM141.5 million in FY 2024. Gross profit for the year amounted to RM43.5 million, translating into a gross profit margin of 34.5%, as compared to RM50.2 million and 35.5% respectively in the preceding financial year. Profit before tax stood at RM7.0 million (FY 2024: RM11.6 million), while profit after tax was RM5.3 million (FY 2024: RM8.0 million). Earnings per share for FY 2025 were 0.62 sen, compared with 0.84 sen in FY 2024. Basic earnings per share were computed based on profit after tax attributable to owners of the Company divided by the enlarged issued share capital of 916,000,000 shares following the completion of the Group's IPO.

The Group's revenue and profitability performance for the financial year reflected softer demand in the filter press segment, particularly in certain key markets such as Indonesia, alongside the timing of project execution and deferment of capital expenditure decisions by customers amid a cautious global economic environment.

Notwithstanding this, demand for hermetic filters and technical support services remained resilient, supported by continued demand from sustainable fuel and edible oil sectors. The Group also continued to secure and execute projects across Europe and America, which partially mitigated the impact of softer demand in certain regions while supporting ongoing geographical diversification. The project deliveries and secured orders across Europe and America contributed incremental revenue streams during the year, reflecting the Group's steady penetration into this industry and broadening geographical footprint.

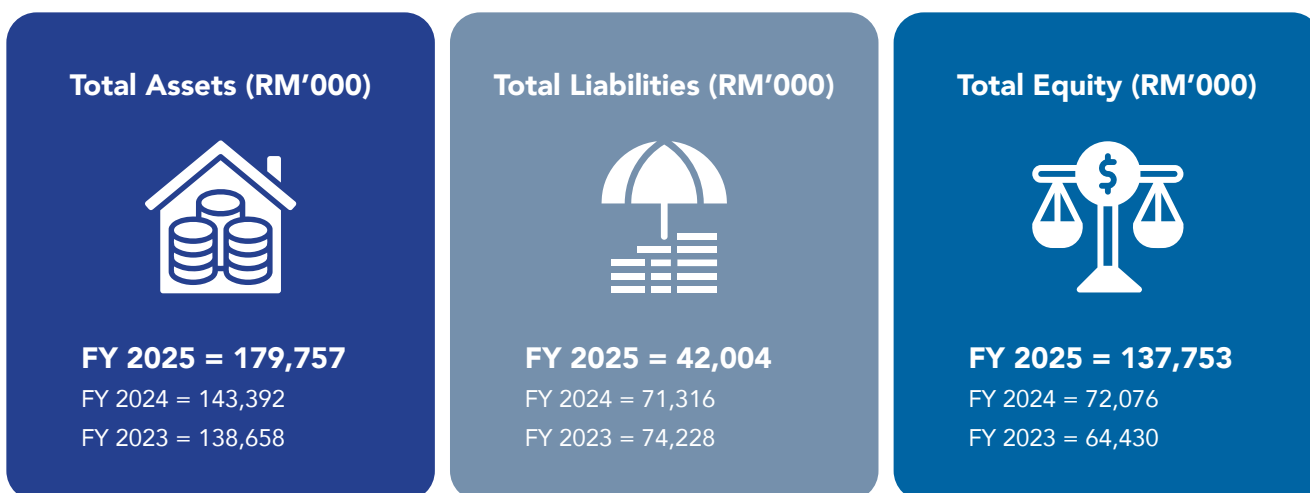
From a margin perspective, the Group maintained a relatively stable gross profit margin despite the lower revenue base, supported by a favourable product and service mix, including growing contributions from its recurring technical support services. The Group also continued to exercise cost discipline and pricing management to mitigate input cost pressures and preserve overall margin performance.

Looking ahead, the Group expects its performance to be supported by the progressive execution of its order pipeline and the continued expansion of its technical support services segment. In addition, ongoing investments in manufacturing capabilities, modern technology platforms and operational enhancements are expected to strengthen production efficiency and support margin sustainability over the medium term, although the full benefits have yet to be realised.

Management Discussion & Analysis

Key Financial Highlights (Cont'd)

Assets, Liabilities and Equity



As at 31 December 2025, the Group's total assets increased by 25.4% to RM179.8 million compared with RM143.4 million in FY 2024. The growth in total assets was primarily attributable to higher short-term investment, fixed deposits with licensed banks and cash and bank balances from the IPO proceeds.

Total liabilities decreased at a measured pace of 41.1% to RM42.0 million (FY 2024: RM71.3 million), primarily attributable to lower utilisation of bank financing facilities following the deployment of IPO proceeds to support the Group's working capital requirements. In addition, contract liabilities declined due to the conversion of earlier customer advances into recognised revenue as projects progressed and were substantially completed during the financial year.

Total equity strengthened significantly to RM137.8 million, compared with RM72.1 million in the previous financial year, representing an increase of 91.1%. The expansion in equity was principally driven by proceeds raised from the Group's initial public offering, which enhanced the capital base and reinforced the Group's balance sheet position.

The enlarged asset and equity base provides the financial capacity to support the Group's strategic expansion initiatives, including the addition of new filter leaf production lines, renovation of manufacturing facilities to enhance workflow efficiency, and investment in automated and robotic machinery to improve margins. Concurrently, the Group is strengthening its operational footprint through capacity expansion initiatives to support growing domestic and international demand.

The Group continues to adopt a disciplined approach to capital allocation and debt management, ensuring that leverage levels remain appropriate while preserving liquidity and financial flexibility to capture emerging opportunities.

Liquidity and Capital Resources

	FY 2023	FY 2024	FY 2025
Operating Activities (RM'000)	16,795	11,704	9,146
Investing Activities (RM'000)	(6,003)	(2,740)	(30,471)
Financing Activities (RM'000)	(10,991)	(2,081)	39,190
Net Cash Flows	(199)	6,883	17,865

Management Discussion & Analysis

Key Financial Highlights (Cont'd)

Liquidity and Capital Resources (Cont'd)

For FY 2025, the Group generated net cash flows from operating activities of RM9.1 million, compared with RM11.7 million in FY 2024. The lower operating cash flows were principally attributable to movement in working capital and higher inventory levels maintained to support shorter lead times for delivery of spare parts to global customers. This was partially offset by improved collections from customers as reflected in the reduction in receivables, as well as a decline in contract liabilities following the conversion of earlier customer advances into recognised revenue as projects progressed and were substantially completed during the financial year. Notwithstanding this, the Group continued to generate positive operating cash flows, supported by its core business operations. Net cash used in investing activities amounted to RM30.5 million, compared with RM2.7 million in the previous financial year, primarily reflecting the placement of IPO proceeds into short-term instruments and fixed deposits, as well as capital expenditure on property, plant and equipment. These placements were undertaken as part of the Group's prudent treasury management strategy to optimise returns on unutilised IPO proceeds, while preserving liquidity for the timely execution of its strategic initiatives.

Net cash flows from financing activities recorded RM39.2 million (FY 2024: net cash used of RM2.1 million), primarily driven by proceeds from the issuance of ordinary shares in conjunction with the Group's listing exercise. This was partially offset by the repayment of borrowings and bankers' acceptances, dividend payments to non-controlling interests by a subsidiary, and share issuance expenses during the financial year. Overall, the Group recorded a net increase in cash and cash equivalents of RM17.9 million, resulting in a closing cash balance of RM34.1 million (FY 2024: RM15.5 million).

The cash flow movements during the year demonstrate the Group's balanced capital deployment approach, whereby internally generated funds and capital market proceeds were utilised to support operational growth while investing in strategic capacity expansion. The successful listing has materially strengthened the Group's capital base, providing additional financial resources to execute key initiatives under its strategic roadmap. These include the expansion of process automation initiatives, modern technology platforms, product development efforts and investments aimed at enhancing operational efficiencies and project execution capabilities. The Group continues to exercise disciplined cash flow management and prudent capital allocation, ensuring adequate liquidity buffers to meet short-term operational requirements while maintaining flexibility to fund medium to long-term growth opportunities. The Group's strengthened liquidity position and enlarged equity base provide a stable platform to pursue expansion initiatives with confidence, while preserving financial resilience in an evolving industrial landscape.

Segmental Performances

The Group operates across three core business segments, namely Filtration Solutions, Steel Works, and Technical Support Services. The performance of each segment in FY 2025 reflects the Group's diversified revenue base and integrated business model.

Filtration Solutions (RM'000)



FY 2025 = 83,554

FY 2024 = 97,247

FY 2023 = 100,118

Steel Works (RM'000)



FY 2025 = 13,884

FY 2024 = 17,141

FY 2023 = 17,909

Technical Support Services (RM'000)



FY 2025 = 28,599

FY 2024 = 27,153

FY 2023 = 20,466

66.3%

of Total Revenue (FY 2025)

11.0%

of Total Revenue (FY 2025)

22.7%

of Total Revenue (FY 2025)

Management Discussion & Analysis

Key Financial Highlights (Cont'd)

Segmental Performances (Cont'd)

- Filtration Solutions**

The Filtration Solutions segment remained the primary contributor to Group revenue in FY 2025, generating RM83.6 million, representing 66.3% of total revenue (FY 2024: RM97.2 million, 68.7%). Performance during the year was supported by continued demand for hermetic filters, particularly from the sustainable fuel and edible oil sectors.

During the year, performance was influenced by project timing and customer investment cycles across key markets. Notwithstanding this, the Group continues to strengthen its market presence and positioning to support future growth and capture opportunities as project activities normalise.

- Steel Works**

The Steel Works segment recorded revenue of RM13.9 million in FY 2025, contributing 11.0% to Group revenue (FY 2024: RM17.1 million, 12.1%). The segment's performance was driven by fabrication activities supporting both internal projects and third-party requirements.

Operational improvements in fabrication processes and cost management initiatives contributed to maintaining stable margins amid project mix variations.

- Technical Support Services**

The Technical Support Services segment generated revenue of RM28.6 million, accounting for 22.7% of total Group revenue (FY 2024: RM27.2 million, 19.2%). This segment continues to represent a recurring revenue stream for the Group, driven by after-sales services and sales of replacement parts. The expansion of service offerings and strengthening of customer relationships enhanced revenue visibility and contributed to overall margin stability. The Group remains focused on growing this segment as a strategic value-accretive platform, reinforcing long-term customer engagement and lifecycle support capabilities.

Geographical Performances

Regions	FY 2025 RM'000
Asia	71,626
Africa	769
Australia	2,666
Europe	27,266
America	23,710

Overall, FY 2025 reflects a year of deliberate preparation, disciplined execution and strengthened fundamentals. The Group's performance across revenue, profitability and cash flows demonstrates the resilience of its integrated business model and diversified revenue streams. With an enlarged capital base following the IPO and a strengthened balance sheet, the Group is well-positioned to pursue sustainable growth while maintaining prudent financial stewardship and operational agility.

Share Performance

	FY 2025
Year High (RM)	0.270
Year Low (RM)	0.195
Year Close (RM)	0.225

FY 2025 marked the Group's inaugural year as a publicly listed company on the ACE Market of Bursa Malaysia, following its initial public offering on 26 June 2025. During the financial year, the Group's shares experienced active trading as the market assessed the Company's fundamentals and growth prospects following its listing.

Over the period under review, the share price reached a high of RM0.270 in June 2025 and a low of RM0.195 in July 2025. The shares closed at RM0.225 as at 31 December 2025, reflecting the Group's market valuation at the end of the financial year.

As at 31 December 2025, the Group recorded a market capitalisation of RM206.1 million, with 916 million shares in issue. The observed trading activity reflects ongoing price discovery typical of newly listed companies, supported by investor engagement and interest in the Group's long-term strategy and operating fundamentals.

Management Discussion & Analysis

Operation Overview

In FY 2025, the Group continued to strengthen its operational execution capabilities following its listing, with a clear emphasis on scalability, productivity enhancement and delivery reliability. The Group focused on reinforcing its operational foundation in preparation for future capacity expansion and growth, in line with its strategic direction to enhance production efficiency and support increasing customer demand.

Process optimisation initiatives were undertaken to enhance coordination across design, manufacturing and commissioning functions, streamlining project execution and delivery. The Group's accelerating adoption of process digitisation and modern technology platforms unlocks productivity gains through stronger cross-function collaboration whilst increasing performance transparency. These efforts are expected to strengthen the Group's ability to meet complex customer requirements while maintaining consistent quality standards. Operational discipline remained anchored on structured Quality Assurance and Quality Control frameworks, with continued compliance with internal technical benchmarks. These measures underpin the Group's ability to scale its operations responsibly while preserving product integrity and customer confidence.

Diversification of End-Market Exposure

During the year, the Group accelerated efforts to diversify beyond its traditional edible oil filtration base, expanding its presence into growth-oriented sectors including water and wastewater treatment, sustainable fuels production and mining-related industrial filtration. This strategic shift aligns with global demand trends, where solid-liquid filtration solutions play a critical role across essential industries.

The Group has observed increasing opportunities in these sectors, driven by tightening environmental regulations, infrastructure investments and the global transition towards cleaner and more sustainable technologies. In particular, demand from sustainable fuel producers and water treatment applications has contributed to a broader and more diversified order pipeline, enhancing revenue visibility and reducing reliance on any single end-user industry or geography.

This deliberate diversification strengthens the Group's earnings resilience and positions to capture long-term growth opportunities arising from global megatrends, including decarbonisation, water security and industrial modernisation, consistent with industry developments.

Capacity Expansion and Operational Enhancements

To support rising demand and future growth initiatives, the Group commenced targeted capital investments during FY 2025, focusing on strengthening its manufacturing capabilities and operational readiness. These capital investments are the foundation of our on-going smart manufacturing transformation and are aligned with the Group's expansion plans to improve overall workflow efficiency, increase production capacity and strengthen operational capabilities to support growing domestic and international demand.



During the financial year, the Group undertook the acquisition and progressive deployment of selected machinery and equipment, including key fabrication capabilities aimed at reducing reliance on outsourced processes. This enhances product quality, consistency and operational control, while supporting greater integration across the production value chain. In parallel, the Group has initiated plans for manufacturing facility enhancements, including the introduction of new production lines and improvements to plant layout and workflow optimisation.

As at the end of the financial year, these initiatives remain at various stages of implementation, and their full operational benefits have yet to be realised. Upon completion, these investments are expected to enhance production efficiency, increase output capacity and contribute to improved cost management and margin sustainability over the medium term.

In addition, the Group continues to strengthen its technical capabilities through ongoing enhancements in research and development. These efforts support greater product customisation, in-house feasibility assessment and continuous engineering innovation.

Collectively, these initiatives reinforce the Group's strategic transition towards a more scalable, efficient and technically integrated solutions provider. Together with its growing Technical Support Services segment, which provides recurring income through after-sales maintenance and replacement parts, the Group is well-positioned to support expanding project pipeline while maintaining operational discipline, quality consistency and long-term customer engagement.

Management Discussion & Analysis

Operation Overview (Cont'd)

Embedding Sustainability for Sustainable Growth

Following its recent public listing, Pan Merchant has entered a more structured phase in formalising its sustainability governance and embedding responsible practices across the organisation. The Group recognises that sustainability is not a peripheral initiative, but a core component of long-term value preservation and enterprise resilience. Accordingly, Pan Merchant is progressively aligning its operational growth strategy with sound economic, environmental, social and governance ("EESG") principles.

In the post-listing phase, the Group's immediate focus is on establishing credible baseline data across key EESG indicators, strengthening internal governance structures, and formalising policies and standard operating procedures to support consistent implementation. This includes enhancing data collection mechanisms across operating activities, workforce management and supply chain interactions to improve measurement accuracy and reporting reliability.

These initiatives are designed to reinforce transparency, strengthen internal accountability, and ensure readiness in meeting evolving regulatory requirements and stakeholder expectations. As part of this process, sustainability considerations are increasingly integrated into operational decision-making; including resource utilisation, process efficiency, quality management and risk assessment frameworks.

Looking ahead, the Group will continue to develop its sustainability roadmap in a measured and progressive manner, prioritising areas that are most material to its operations and stakeholders. The Group remains committed to advancing responsible growth while maintaining operational discipline and long-term strategic clarity. Further details on the Group's sustainability priorities, governance structure and disclosures are set out in the Sustainability Statement on pages 39 to 78 of this Annual Report.

Managing Risk to Safeguard Long-Term Value

Effective risk management is fundamental to the Group's ability to operate sustainably, preserve stakeholder confidence, and deliver long-term value. As a newly listed company, the Group continues to enhance its enterprise risk management framework, embedding risk awareness into strategic planning, operational execution and decision-making processes across all levels of the organisation. The Group adopts a structured approach to identifying, assessing and mitigating principal risks that may affect business performance, operational continuity and strategic objectives. Risk oversight is supported by management reporting mechanisms and internal control processes to ensure that appropriate mitigation measures are implemented and monitored on an ongoing basis. The key risks identified by the Group are outlined below:

Customer Concentration Risk

The Group derives a portion of its revenue from several major customers. A reduction in purchases, termination of business relationships, or delays in securing replacement customers could adversely impact revenue and cash flow. In addition, the absence of long-term contractual arrangements with certain major customers may expose the Group to potential variability in order flow. The Group may also face exposure to delayed payments or non-payment from certain customer groups, which could affect working capital and operational liquidity.

To mitigate these risks, the Group continues to diversify its customer base across geographies and industries, while strengthening credit assessment and receivables monitoring processes. Importantly, the Group has cultivated longstanding working relationships of up to 30 years with key customers, reflecting consistent product quality, technical reliability and service delivery performance.

Management Discussion & Analysis

Managing Risk to Safeguard Long-Term Value (Cont'd)

Talent Retention and Succession Risk

The Group's continued success depends significantly on the expertise, experience and industry knowledge of its management team and skilled workforce. The loss of key personnel without timely and suitable replacements could materially affect operational execution and competitive positioning. The Group recognises that attracting, developing and retaining qualified personnel is critical to sustaining growth and technical capability. In response, the Group has established a structured succession planning framework to support leadership continuity and operational stability.

Additionally, the Group invests in employee development initiatives, technical upskilling programmes and structured career progression pathways. Competitive and performance-aligned remuneration frameworks are implemented to enhance retention and strengthen organisational capability over the long term.

Foreign Exchange Exposure

The Group procures materials and components from both local and international suppliers across Europe and Asia. As a result, a portion of the Group's purchases is denominated in foreign currencies, including USD and EUR. Accordingly, the Group is exposed to foreign exchange fluctuations, which may affect cost structures, pricing competitiveness and financial performance. Significant adverse currency movements may reduce margins if cost increases cannot be fully passed on to customers.

To manage this exposure, the Group maintains foreign currency accounts to naturally hedge inflows and outflows where feasible. The Group may also enter foreign currency forward contracts to mitigate short- to medium-term exchange volatility, in accordance with internal treasury policies.

Competitive and Market Positioning Risk

The Group operates in a competitive environment comprising established global and regional filtration solution providers. Competition may arise in areas such as pricing, brand recognition, product range, quality assurance and project delivery timelines. Certain competitors may possess longer operating histories, broader geographic reach, greater financial resources or larger customer bases. In addition, new market entrants with strong financial backing or local market access may intensify competitive pressures.

The Group mitigates this risk by differentiating itself through technical expertise, customised engineering solutions, stringent quality control standards and integrated technical support services. The solid-liquid filtration industry also presents moderate barriers to entry, given the capital requirements for manufacturing facilities, machinery acquisition and specialised technical know-how. The Group's longstanding customer relationships; some spanning over three decades, underscore its track record of reliability, consistent project execution and customer-centric engagement. Sustaining this performance discipline remains central to maintaining competitive positioning.

Returning Value to Shareholders

For FY 2025, the Board declared an interim dividend of 0.20 sen per ordinary share, amounting to a total dividend payout of approximately RM1.8 million. The dividend was announced on 26 February 2026. The declaration reflects the Group's commitment to delivering tangible returns to shareholders, while maintaining prudent financial management amid a challenging operating environment. The Board remains mindful of balancing capital distribution with the need to preserve financial flexibility to support operational requirements, strategic initiatives and future growth opportunities.

Pan Merchant aims to maintain a dividend policy of distributing at least 30% of its annual audited profit after tax attributable to shareholders, subject to the Group's financial performance, cash flow position, capital expenditure requirements and prevailing business conditions. This disciplined and transparent dividend framework underscores the Group's intention to reward shareholders sustainably, while retaining sufficient resources to fund long-term value creation.

From Foundation to Forward Momentum



The Group remains optimistic on its growth strategy, as supported by a healthy order pipeline, expanded sales and marketing activities and ongoing investment into strengthened production capabilities following its listing. The momentum from this financial year accelerates the Group's implementation for improved operational efficiency, product innovation and disciplined project execution.



The Group also intends to continue its diversification across end-user industries and geographies, particularly in sectors supported by structural demand drivers. Continued investment in technical capability, workforce development and process enhancement will enhance scalability while preserving quality and execution standards. Management is committed to delivering the strategic plans laid out in the IPO Prospectus and to fortify the Group's competitive positioning within the global solid-liquid filtration industry.

At the same time, Management remains cautious of the uncertain environment stemming from macroeconomic and geopolitical headwinds, currency volatility and supply chain disruption. The Group will proactively manage these risks with prudent financial management, strategic resource allocation and high-quality execution. With strengthened production capabilities, focused governance and disciplined operations, the Group is well-positioned to translate its solid foundation into sustained forward momentum; reinforcing long-term value creation for shareholders and stakeholders alike.

Sustainability Statement



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Pan Merchant Berhad is pleased to present its inaugural Sustainability Statement for the financial year ended 31 December 2025. This Statement marks an important milestone following the IPO listing, reflecting our commitment to embedding sustainability across all facets of our operations. From responsible manufacturing practices and carbon awareness to strong governance and meaningful social contributions, Pan Merchant is taking deliberate steps to build a business that is resilient, accountable, and future-ready.

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Guided by our vision for purposeful growth, we are establishing a strong foundation for a sustainability-driven future, one that enhances operational resilience while delivering long-term value to our stakeholders. Sustainability is not a standalone agenda at Pan Merchant; it is integrated into how we operate, make decisions, and drive progress across our value chain.

Anchored by our corporate values, stakeholder priorities, and alignment with the United Nations Sustainable Development Goals (UNSDGs), we are setting a clear direction towards responsible growth through transparency, accountability, and disciplined execution. As this is our inaugural disclosure, it represents the beginning of a structured and evolving journey. Pan Merchant and its subsidiaries remain committed to strengthening this foundation, enhancing our practices, and progressively integrating sustainability into our business strategy, ensuring that sustainable growth and business success go hand in hand.

Sustainability Statement

Statement Overview

Reporting Scope

This Sustainability Statement covers Pan Merchant’s sustainability approach, initiatives, and performance for the financial year from 1st January 2025 to 31st December 2025, unless otherwise stated. The scope of this Statement only encompasses operations under the Group’s operational control in Malaysia, where our primary manufacturing capabilities and significant majority of its workforce are based.

The disclosures also focus on the Group’s core business segments; Filtration Solutions, Steel Works, and Technical Support Services, which represent Pan Merchant’s principal economic activities and areas with the most significant environmental and social impacts.

Malaysia

Exclusions
Our subsidiaries in Singapore, Netherlands and USA, which primarily function as sales and marketing offices, are excluded from the reporting scope. Notably, most of our workforce and primary manufacturing capabilities are based in Malaysia. These subsidiaries will be incorporated into the future reporting cycle as they grow and become more significant to the Group.

Filtration Solutions

Steel Works

Technical Support Services

Frameworks and Standards

This Statement has been prepared in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, with reference to the Bursa Malaysia Sustainability Reporting Guide (3rd Edition). Where applicable, the disclosures are also guided by the Global Reporting Initiative (“GRI”) Standards and aligned with the United Nations Sustainable Development Goals.



Bursa Malaysia Sustainability Reporting Guide (3rd Edition)



United Nations Sustainable Development Goals (UNSDGs)



Global Reporting Initiative (GRI) Standards

The data presented reflects the Group’s best efforts to capture sustainability performance during the reporting period based on currently available systems and internal reporting processes. As this is Pan Merchant’s inaugural Sustainability Statement, the Group acknowledges that its reporting practices will continue to evolve in line with regulatory developments and stakeholder expectations.

Assurance and Data Reliability

This Sustainability Statement has not been subjected to internal audit review or independent external assurance. The disclosures have been prepared on a best-effort basis using available data and internal reporting processes. While formal verification has not been conducted for this reporting cycle, Pan Merchant is committed to progressively strengthening its data governance frameworks and reporting controls.

Moving forward, the Group aims to enhance the accuracy, completeness, and reliability of its sustainability disclosures, and consider the adoption of internal or external assurance practices in line with applicable regulatory requirements and listing obligations.

Feedback and Enquiries

Pan Merchant welcomes and encourages stakeholders to share their views on this Sustainability Statement and the matters addressed herein. Feedback plays an important role in strengthening our sustainability approach and improving future disclosures. Stakeholders may direct their enquiries or feedback to:

Email : esg@pmi-group.com

Attention : Sustainability Department

Tel. : +603 5569 3993

Sustainability Statement

Sustainability Governance Structure

Pan Merchant recognises that a robust governance framework is essential to effectively drive sustainability across the organisation. The Group has established a structured governance approach with clear roles, responsibilities, and accountability to ensure sustainability considerations are embedded within business strategy, risk management processes, and operational decision-making.

Board of Directors	Oversight	The Board provides overall oversight of the Group's sustainability agenda. This includes reviewing sustainability strategies, priorities, policies, and key initiatives, as well as ensuring alignment with the Group's business plans and risk management framework.
Sustainability Steering Committee	Strategic Direction	The Sustainability Steering Committee is responsible for guiding the integration of sustainability into the Group's strategy. The Committee advises the Board, develops and recommends sustainability priorities, and monitors progress to ensure alignment with long-term business objectives and regulatory expectations.
Sustainability Working Group	Implementation	The Sustainability Working Group is responsible for the day-to-day execution of sustainability initiatives. This includes implementing policies, driving action plans, supporting data collection, and monitoring performance to facilitate continuous improvement.

Determining What Matters

Pan Merchant's materiality assessment process forms the foundation for identifying and evaluating the sustainability matters most relevant to the Group and its stakeholders. The process is guided by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the GRI Standards, while being aligned with the UNSDGs.

The assessment is conducted within the context of Economic, Environmental, Social, and Governance ("**EESG**") considerations, ensuring a holistic evaluation of sustainability risks, opportunities, and impacts across the Group's operations. This approach enables Pan Merchant to prioritise matters that are critical to long-term value creation, business resilience, and stakeholder confidence. To ensure a structured and robust approach, Pan Merchant adopts a four-step materiality assessment process:

1. Identification

A desktop review of industry trends, peer disclosures, regulatory requirements, and sustainability frameworks to identify a preliminary list of relevant sustainability topics.

2. Stakeholder Engagement

Engagement with internal stakeholders, including the Board of Directors, Heads of Department, and employees, as well as selected external stakeholder groups, to gather insights on key sustainability priorities and concerns.

3. Prioritisation

Evaluation and ranking of identified topics through structured discussions and workshops involving the Sustainability Steering Committee and Sustainability Working Group, based on their impact on the business and significance to stakeholders.

4. Validation

Final validation of material matters by the Sustainability Steering Committee and Sustainability Working Group, followed by approval from the Board of Directors.

Sustainability Statement

Determining What Matters (Cont'd)

Stakeholder Engagement

For its inaugural Sustainability Statement, Pan Merchant conducted an internal assessment to identify its key stakeholder groups based on their level of influence on, and dependence upon, the Group's operations. The Group's key stakeholders include the Board of Directors, shareholders, investors and financiers, employees, customers, suppliers and business partners, local communities, government authorities and regulators, industry peers and associations, as well as the media and press.

Pan Merchant recognises that effective stakeholder engagement is essential in shaping its sustainability priorities and strengthening its responsiveness to evolving expectations. The Group remains committed to maintaining open, transparent, and constructive communication with all stakeholder groups to support informed decision-making and continuous improvement.

Key Stakeholders	Topic of Interest / Concerns	Engagement Level / Method	Frequency
Board of Directors	<ul style="list-style-type: none"> Group's business and financial performance Management and corporate governance Risk management Strategies and plans toward value creation and sustainability 	COLLABORATE / CONSULT	
		Board meetings	<ul style="list-style-type: none"> Quarterly As Needed
		Reporting review and approval	<ul style="list-style-type: none"> Quarterly As Needed
		Training and awareness sessions	<ul style="list-style-type: none"> As needed
		Committee oversight	<ul style="list-style-type: none"> Ongoing
Investors/ Financiers	<ul style="list-style-type: none"> Group's overall performance Business prospects and planning Management and corporate governance 	CONSULT / INFORM	
		Investors' briefings	<ul style="list-style-type: none"> As Needed
		Annual general meetings	<ul style="list-style-type: none"> Annually
		Announcements and reporting	<ul style="list-style-type: none"> Quarterly As Needed
		Investor relations disclosures	<ul style="list-style-type: none"> Ongoing
Shareholders	<ul style="list-style-type: none"> Management and corporate governance Business growth and strategic direction Strategies and plans toward value creation and sustainability 	CONSULT / INFORM	
		Annual general meetings	<ul style="list-style-type: none"> Annually
		Circulars and annual reports	<ul style="list-style-type: none"> Annually As Needed
		Website and social media updates/disclosures	<ul style="list-style-type: none"> Ongoing
		Electronic voting or proxy form	<ul style="list-style-type: none"> As Needed
		Press releases	<ul style="list-style-type: none"> As Needed
Employees	<ul style="list-style-type: none"> Group's overall performance Career development and upskilling opportunities Health and safety at the workplace Remuneration, welfare and benefits Inclusive workplace Fair employment practice 	COLLABORATE	
		Surveys/ feedback/ appraisal	<ul style="list-style-type: none"> Annually
		Townhall/ dialogue sessions	<ul style="list-style-type: none"> Quarterly As needed
		Training and career development programmes	<ul style="list-style-type: none"> Ongoing
		Code of Conduct	<ul style="list-style-type: none"> Ongoing
		Internal communications (email, newsletter, etc.)	<ul style="list-style-type: none"> As needed
Customers/ Clients	<ul style="list-style-type: none"> Products and service quality Consumer data privacy Product innovation and industry collaboration 	INVOLVE	
		Feedback channel/ helpdesks	<ul style="list-style-type: none"> Ongoing
		Engagement at tradeshow/ expos	<ul style="list-style-type: none"> Annually

Sustainability Statement

Determining What Matters (Cont'd)

Stakeholder Engagement Cont'd

Key Stakeholders	Topic of Interest / Concerns	Engagement Level / Method	Frequency
Suppliers/ Contractors	<ul style="list-style-type: none"> • Transparent and fair procurement processes • Legal compliance 	INFORM	
		Supplier Code of Conducts	• Ongoing
		Contracts and legal compliance	• Ongoing
		Site visits and meetings	• As Needed
		Transparent and fair procurement practices	• Ongoing
		Effective pricing/ prompt payments	• Ongoing
Press and Media	<ul style="list-style-type: none"> • Industry insights, and trends • Company performance, milestones, and strategic developments • Access to accurate, timely, and transparent corporate information 	INFORM	
		Press conference/ media briefings	• As Needed
		Press releases and news updates	• As Needed
		Interviews, events invitations/ site visits	• As Needed
Local communities/ Society	<ul style="list-style-type: none"> • Community welfare & continued livelihood 	INFORM	
		Townhall meetings/ dialogue sessions	• As Needed
		Community programmes	• As Needed
Government agencies/ Regulators	<ul style="list-style-type: none"> • Compliance with applicable licenses and regulations 	INVOLVE	
		Compliance submission	• Ongoing
		Dialogue sessions	• As Needed
Industry peers/ associations	<ul style="list-style-type: none"> • Industry insights, and trends • Company performance, milestones, and strategic developments • Collaboration opportunities and industry initiatives 	CONSULT	
		Participation in industry forums/ conferences	• As Needed

Sustainability Statement

Determining What Matters (Cont'd)

Our Material Matters

For its inaugural reporting year, Pan Merchant has undertaken a limited-scale, foundational materiality assessment in accordance with its established materiality assessment process. Guided by Bursa Malaysia's common sustainability matters and indicators, the identified sustainability topics were evaluated based on their impact on the Group's operations and their significance to stakeholders, taking into account alignment with relevant UNSDGs and assessed within the broader context of EESG considerations to ensure a balanced and comprehensive evaluation of the Group's key sustainability impacts, risks, and opportunities.

The identified material matters form the basis of Pan Merchant's sustainability priorities and underpin the Group's approach to strategy development, initiative implementation, and performance reporting. Through this process, Pan Merchant ensures that its sustainability efforts remain focused, relevant, and responsive to evolving stakeholder expectations. The Group will continue to review and refine its material matters periodically as its operations scale and the external environment evolves.

Identified Material Matters



Sustainability Statement

Determining What Matters (Cont'd)

Risks and Opportunities Landscape

Building on the identified material matters, Pan Merchant assesses sustainability-related risks and opportunities that may influence its long-term performance and stakeholder expectations. These considerations are evaluated within the broader EESG context, taking into account the Group's industry landscape and operating environment.

Identified Material Matters	Risks	Opportunities
Economic and Governance		
Economic Performance	Exposure to economic volatility, fluctuations in market demand, rising operating costs, and supply chain disruptions may impact the Group's financial performance and stability, potentially constraining growth and value creation.	Driving operational efficiency, maintaining cost discipline, and undertaking strategic investments enable Pan Merchant to enhance resilience, optimise profitability, and deliver sustainable long-term value to stakeholders.
Anti-Corruption	Instances of corruption or unethical conduct may result in reputational damage, regulatory penalties, financial losses, and erosion of stakeholder trust.	Strengthening governance frameworks, internal controls, awareness training and ethical standards enhances credibility, reinforces stakeholder confidence, and positions the Group competitively in the marketplace.
Supply Chain Management	Reliance on limited or single-source suppliers may increase exposure to supply disruptions, quality inconsistencies, and price volatility, affecting operational continuity.	Establishing resilient and diversified supply chains, alongside strong supplier partnerships, promotes innovation, improves quality, enhances cost efficiency, and strengthens long-term competitiveness.
Environmental		
Energy Management	Inefficient energy usage and rising energy costs may increase operational expenditure and contribute to higher environmental impact, particularly in energy-intensive manufacturing processes.	Improving energy efficiency, adopting energy-saving technologies, and exploring alternative energy sources can reduce costs, lower environmental impact, and enhance operational sustainability.
Emissions Management	Increased regulatory scrutiny, evolving climate-related requirements, and stakeholder expectations on emissions reduction may expose the Group to compliance risks and reputational pressures.	Proactive carbon management, including emissions monitoring and reduction initiatives, positions Pan Merchant to align with climate-related expectations, improve environmental performance, and strengthen long-term resilience.
Waste Management	Non-compliance with waste management regulations may result in penalties, legal action, and operational disruptions. Inadequate waste handling or disposal could lead to environmental contamination, safety risks, and reputational damage, while inefficient processes may increase costs and reduce operational efficiency.	Effective waste reduction, reuse, and recycling initiatives enhance resource efficiency and support circular economy practices. Strengthening waste management systems can reduce disposal costs, improve operational performance, and reinforce regulatory compliance and stakeholder confidence.
Water Management	Non-compliance with discharge standards or permit requirements may result in regulatory penalties. Water scarcity or supply disruptions could impact operations, while poor water management may lead to environmental harm, increased costs, and reputational risks.	Improving water efficiency and reuse practices can reduce consumption and wastewater generation. Effective water management supports cost optimisation, operational efficiency, and responsible resource stewardship.

Sustainability Statement

Determining What Matters (Cont'd)

Risks and Opportunities Landscape (Cont'd)

Identified Material Matters	Risks	Opportunities
Social		
Labour Practices and Standards	Inadequate labour practices, including unsafe working conditions, discrimination, or non-compliance with labour standards, may result in regulatory penalties, reputational damage, and reduced workforce morale.	Promoting fair labour practices, safe working conditions, and respect for human rights enhances employee engagement, strengthens organisational culture, and supports talent attraction and retention.
Diversity and Inclusion	A lack of diversity and inclusion may lead to reduced innovation, limited perspectives in decision-making, and lower employee engagement.	Fostering a diverse and inclusive workplace encourages varied perspectives, enhances creativity, and supports better decision-making and organisational performance.
Health and Safety	Failure to effectively manage workplace hazards may lead to accidents, injuries, or fatalities, resulting in legal liabilities, operational disruptions, and reputational impact.	Embedding a strong safety culture and implementing robust health and safety practices enhances employee well-being, improves productivity, and reinforces stakeholder confidence.
Community/ Society	Failure to address social issues, economic disparities, and community grievances may fuel social unrest, civil unrest, protests, and community opposition, posing operational disruptions, reputational damage, and regulatory scrutiny.	Strategic community investment initiatives, philanthropic donations, and social programs enable organisations to address social challenges, support underserved communities, and create positive social impact, contributing to poverty alleviation, education, healthcare, and sustainable development goals.

Through proactive management, Pan Merchant seeks to mitigate potential risks while identifying opportunities where sustainability can drive innovation, enhance operational efficiency, and support long-term growth. By systematically addressing these factors, the Group aims to strengthen resilience, safeguard stakeholder interests, and position itself for sustainable value creation.



Sustainability Statement

Determining What Matters (Cont'd)

Materiality Matrix

Arising from its inaugural materiality assessment, Pan Merchant has identified and prioritised the sustainability matters most relevant to its operations and stakeholders. These matters are mapped onto a materiality matrix, which reflects the intersection between the sustainability matters and impact to business and stakeholders, providing a balanced view of the Group's most critical EESG considerations.



The Materiality Matrix enables Pan Merchant to strategically focus its resources and initiatives on areas of greatest significance, ensuring that sustainability efforts are targeted, effective, and aligned with the Group's objectives. Following this prioritisation, the Group translates identified matters into actionable strategies and initiatives across its operations. Pan Merchant remains committed to continuously refining its materiality assessment process and strengthening the integration of sustainability into its business strategy and decision-making.

Sustainability Statement

Our Sustainability Framework

With its material matters identified and prioritised, Pan Merchant has established a structured sustainability framework anchored on EESG principles. The framework is organised into three strategic pillars; **Economic and Governance, Environmental and Social**. Each pillar provides a focused and structured approach to addressing the Group's sustainability priorities, enabling alignment between operational activities, risk management processes, and long-term growth objectives.

Our Sustainability Framework

Vision

To deliver advanced filtration solutions that support environmental protection and resource efficiency by preventing pollution, reducing waste, enabling the production of sustainable alternative fuels, and optimising industrial processes for improved efficiency and reduced resource consumption.

Mission

Pan Merchant is committed to advancing its sustainability journey through targeted investments, innovation, and continuous improvement across its operations. Key focus areas include:

- **Strengthening Environmental and Safety Standards**
Progressively enhancing operational practices through internationally recognised certifications.
- **Enhancing Data-Driven Sustainability Management**
Establishing digital systems to improve the collection, monitoring, and analysis of sustainability-related data, enabling more informed decision-making and transparent reporting.
- **Advancing Renewable and Resource-Efficient Solutions**
Evaluating and implementing initiatives such as LED smart lighting solutions, additional capacity to existing solar photovoltaic systems and rainwater harvesting to reduce environmental impact and improve resource efficiency.
- **Driving Sustainable Product Innovation**
Redesigning filtration solutions to support sustainability-aligned industrial applications and optimising material efficiency in filter designs while maintaining performance and quality standards.
- **Improving Operational Efficiency and Waste Reduction**
Investing in advanced machinery and process improvements to minimise material wastage during fabrication and enhance overall production efficiency, capacity utilisation and throughput.

Pillars: Economic, Environmental, Social and Governance (EESG)

1. Economic and Governance

Economic Performance, Anti-Corruption, Supply Chain Management

2. Environmental

Climate Change Management, Waste Management, Water Management

3. Social

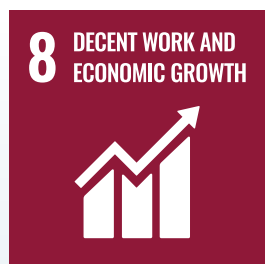
Labour Practices and Standards, Diversity and Inclusion, Health and Safety, Community Investment

Together, these pillars form the foundation of Pan Merchant's sustainability approach, guiding the Group's initiatives, performance monitoring, and continuous improvement efforts. As Pan Merchant continues to scale following its listing, the Group remains committed to deepening the integration of sustainability into its business strategy and operations. This framework serves as a groundwork to align business objectives with stakeholder expectations, strengthen resilience, and deliver long-term sustainable value.

The Path of Our Material Commitments

1 Economic and Governance

Economic Performance



A Matter of Importance

Economic performance underpins Pan Merchant's ability to sustain operations, invest in future growth, and deliver long-term value to stakeholders. A strong financial foundation enables the Group to navigate market uncertainties, support its workforce, and contribute to broader economic development. This focus aligns with UNSDG 8: Decent Work and Economic Growth, which promotes sustainable economic growth, productive employment, and business resilience.

Economic performance reflects the Group's ability to generate and distribute value while maintaining financial discipline and operational efficiency. Pan Merchant tracks its performance through key indicators, namely Economic Value Generated, Economic Value Distributed, and Economic Value Retained, which collectively provide a comprehensive view of value creation and allocation.

Sustainability Statement

1 Economic and Governance (Cont'd)

Economic Performance (Cont'd)

Economic Value Generated, Distributed and Retained

	FY 2025 RM'000
Economic Value Generated ("EVG")	
Revenue and other income	127,699
Economic Value Distributed ("EVD")	
Operating costs	84,501
Employee wages and benefits	30,265
Payment to capital provider	1,704
Payment to the Government	3,425
Community investment	42
Total Value Distributed	119,937
Economic Value Retained ("EVR")	7,762

In FY 2025, Pan Merchant recorded an EVG of RM127.7 million (FY 2024: RM142.2 million) reflecting a softer revenue environment during the year. This was primarily attributable to the timing of project execution and deferment of capital expenditure decisions by customers amid a cautious global economic landscape. EVD amounted to RM119.9 million (FY 2024: RM129.5 million), reflecting higher employee-related expenses, operating costs, and payments to stakeholders in line with increased business scale.

Consequently, the Group recorded an EVR of RM7.8 million, demonstrating its strengthened financial position and capacity to reinvest in the business, support future growth, and maintain resilience in a dynamic operating environment.



The Road Ahead

Pan Merchant will continue to strengthen its financial performance by enhancing operational efficiency, optimising cost structures, and pursuing disciplined growth strategies. The Group remains focused on balancing growth with prudent financial management and risk management, ensuring that resources are deployed effectively to sustain value creation, reinforce stakeholder confidence, and support long-term business resilience.

Sustainability Statement

1 Economic and Governance (Cont'd)

Anti-Corruption

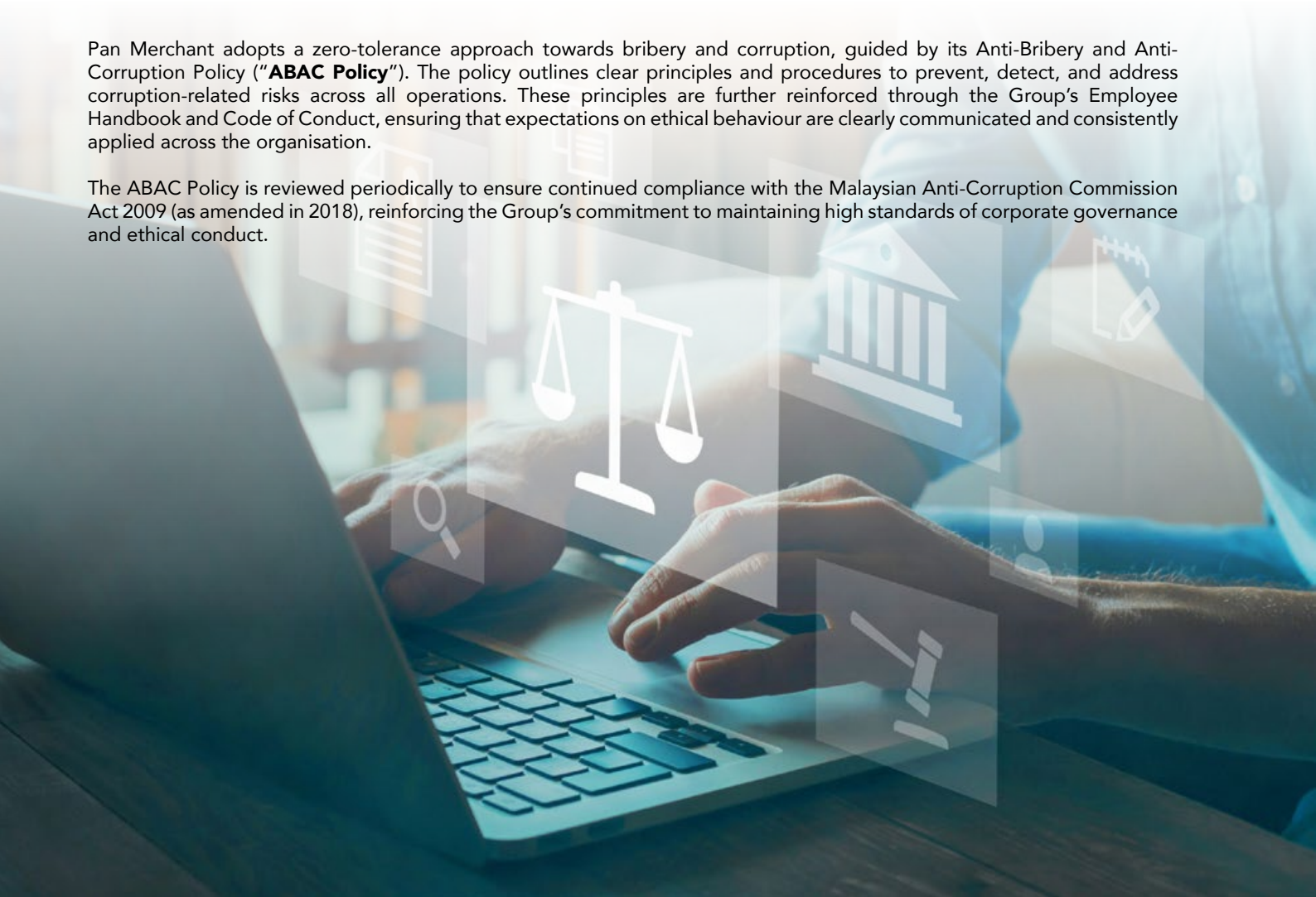


A Matter of Importance

Maintaining a strong stance against bribery and corruption is essential to safeguarding Pan Merchant's reputation, ensuring regulatory compliance, and building trust with stakeholders. Ethical business conduct is fundamental to sustainable growth and reinforces the integrity of the Group's operations. This commitment aligns with UNSDG 16: Peace, Justice and Strong Institutions, which promotes transparency, accountability, and the reduction of corruption in all forms.

Pan Merchant adopts a zero-tolerance approach towards bribery and corruption, guided by its Anti-Bribery and Anti-Corruption Policy ("**ABAC Policy**"). The policy outlines clear principles and procedures to prevent, detect, and address corruption-related risks across all operations. These principles are further reinforced through the Group's Employee Handbook and Code of Conduct, ensuring that expectations on ethical behaviour are clearly communicated and consistently applied across the organisation.

The ABAC Policy is reviewed periodically to ensure continued compliance with the Malaysian Anti-Corruption Commission Act 2009 (as amended in 2018), reinforcing the Group's commitment to maintaining high standards of corporate governance and ethical conduct.



Sustainability Statement

1 Economic and Governance (Cont'd)

Anti-Corruption (Cont'd)

Corruption Risk Management

Pan Merchant conducts periodic assessments to identify and evaluate corruption-related risks across its operations, ensuring that potential vulnerabilities are addressed in a timely and structured manner. The Board, through the Audit and Risk Management Committee, provides oversight and ensures accountability in the management of corruption risks. In FY 2025, 100% of the Group's operations were assessed for corruption-related risks, reflecting a comprehensive and systematic approach to risk identification and mitigation.

Operations assessed for corruption related risk (%)

FY 2025 = **100%**

Training and Awareness

Pan Merchant is committed to fostering a culture of integrity through continuous education and awareness initiatives. As outlined in the ABAC Policy, the Group provides adequate training, communication, and resources to ensure employees understand the requirements, benefits, and their respective roles in anti-corruption and risk management practices. All employees are required to declare their understanding and adherence to the ABAC Policy by signing a declaration of compliance. The Group's Code of Ethics and Conduct sets broad standards for ethical and professional behaviour. The Group publishes the ABAC Policy and Code of Ethics and Conduct on the corporate website.

Compliance and Incidents

Number of confirmed corruption incidents

FY 2025 = **ZERO**

During FY 2025, there were no confirmed incidents of corruption, nor any related legal actions or proceedings involving the Group. This reflects the effectiveness of Pan Merchant's governance framework, supported by established policies, internal controls, and ongoing employee engagement on ethical conduct.

Speak-Up Framework

Pan Merchant maintains a whistleblowing channel in line with its Whistleblowing Policy, enabling employees and external stakeholders to report concerns relating to misconduct or unethical behaviour in a confidential and secure manner. The framework is overseen by the Audit and Risk Management Committee and supported by the Internal Audit function, ensuring independence, proper escalation, and timely resolution of reported matters.

Stakeholders may report concerns via the designated whistleblowing channel at whistle-blowing@pmi-group.com, which is accessible to both internal and external parties. All relevant governance policies are publicly available on the Group's website, reinforcing transparency and accountability.

The Road Ahead

Pan Merchant will continue to strengthen its anti-bribery and corruption framework by enhancing internal controls, expanding training coverage, delivering and recording periodic training refresher programmes, and reinforcing a culture of integrity across all levels of the organisation. The Group remains committed to upholding the highest standards of ethical conduct, ensuring that transparency and accountability remain embedded in its business practices.

Sustainability Statement

1 Economic and Governance (Cont'd)

Supply Chain Management



A Matter of Importance

A resilient and responsible supply chain is critical to Pan Merchant's operational continuity, product quality, and overall business performance. Effective supply chain management enables the Group to mitigate risks, maintain cost efficiency, and uphold ethical and sustainability standards across its value chain. This aligns with UNSDG 12: Responsible Consumption and Production, which promotes sustainable resource use and responsible business practices.

Pan Merchant recognises that a responsible supply chain is fundamental to long-term success. Procurement activities are guided by internal policies to ensure that supplier engagements are conducted in a transparent, ethical, and accountable manner. The Group seeks to establish long-term partnerships with suppliers that share similar commitments to sustainability, quality, and responsible business conduct.

As part of its inaugural disclosure, Pan Merchant has initiated the tracking of procurement practices, with a focus on local sourcing, in alignment with Bursa Malaysia's sustainability reporting guidelines. Prioritising local suppliers supports domestic economic development, enhances supply chain resilience, and enables closer collaboration and oversight, contributing to more responsive and efficient procurement processes.

Number of local suppliers

FY 2025 = **286**

Number of overseas suppliers

FY 2025 = **37**

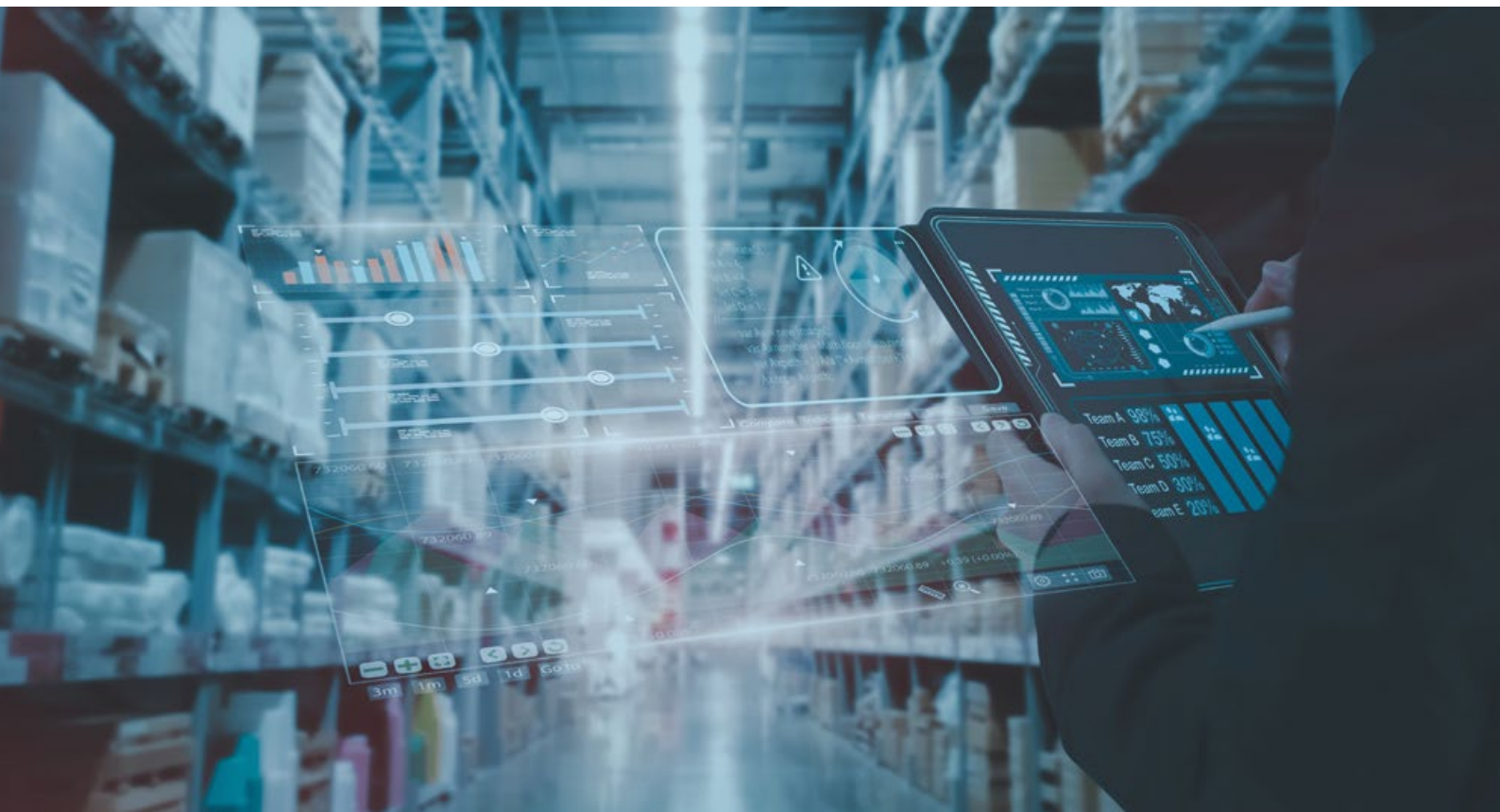
Total overall suppliers

FY 2025 = **323**

Proportion of spending on local suppliers (%)

FY 2025 = **67.70%**

Sustainability Statement



1 Economic and Governance (Cont'd)

Supply Chain Management (Cont'd)

Suppliers' Engagement and Oversight

Pan Merchant engages its suppliers through structured processes designed to promote accountability, transparency, and continuous improvement. Key practices include; compliance with contractual and regulatory requirements, periodic site visits and performance discussions, as well as fair and transparent procurement practices, including customer service, pricing and payment terms. Through consistent engagement, Pan Merchant fosters strong, trust-based relationships while encouraging alignment with its sustainability and ethical standards.

The Road Ahead

Pan Merchant aims to further strengthen its supply chain resilience by enhancing supplier purchasing policy frameworks, promoting responsible sourcing practices, and improving visibility across its supply chain. The Group will continue to build collaborative partnerships with suppliers, focusing on driving shared value, improving operational efficiency, and supporting sustainable growth across the value chain.

Sustainability Statement

2 Environmental

Climate Change Management



A Matter of Importance

Climate change presents both operational risks and strategic considerations for Pan Merchant, particularly in relation to energy consumption, regulatory developments, and evolving stakeholder expectations. As a manufacturing-focused organisation, managing environmental impact is essential to maintaining operational resilience, cost efficiency, and responsible growth. This aligns with UNSDG 13: Climate Action, which calls for urgent measures to address climate-related risks through improved resource management and emissions reduction.

Pan Merchant recognises the importance of addressing climate change and has begun establishing a structured, long-term approach to environmental management. For this reporting cycle, the Group focuses on two key areas; energy management and greenhouse gas (“GHG”) emissions, which represent the primary drivers of its environmental footprint.

As part of its long-term direction, Pan Merchant aspires to progressively reduce its carbon footprint while supporting Malaysia’s broader climate aspirations. The Group has initiated data collection efforts to establish baseline metrics that will support future target-setting and performance tracking. In parallel, Pan Merchant adopts a pragmatic approach by investing in proven green technologies where viable, with due consideration to operational feasibility and sustainable return on investment.

Environmental stewardship at Pan Merchant is guided by its Environmental Policy, developed in alignment with its ISO 9001:2015 certification. This provides a structured framework for identifying, managing, and mitigating environmental impacts, with an emphasis on regulatory compliance, resource efficiency, and integration into business decision-making.

Sustainability Statement

2 Environmental (Cont'd)

Climate Change Management (Cont'd)

Energy Management

Energy management remains a key focus area as Pan Merchant advances its efforts to improve resource efficiency and reduce environmental impact. During the year, the Group implemented several initiatives to optimise energy usage across its operations, including:

- Evaluated current installation of 391 kilowatt-hour solar photovoltaic systems at our Lahat Plant
- Conducted feasibility study of LED smart lighting system
- Implemented use of precision laser cutting machine to streamline cutting of raw materials
- Continuous improvements in operational practices and equipment efficiency
- Promoted awareness of energy efficient behaviour and best practices amongst Pan Merchant employees

These initiatives represent practical first steps towards embedding energy-conscious practices into daily operations, delivering both environmental benefits and cost efficiencies. The Group will continue to identify opportunities to further optimise energy performance as part of its broader sustainability strategy.

Energy Consumption and Tracking

As energy consumption is a primary contributor to GHG emissions, monitoring and managing energy use is central to Pan Merchant's climate strategy. During FY 2025, the Group initiated structured data collection across its operations to establish a baseline for energy consumption. At this stage, electricity consumption serves as the primary indicator of energy use, forming the basis for future benchmarking and performance improvement.

Electricity purchased from the grid (kWh)

FY 2025 = **913,021**

Fuel consumption from company-owned vehicles, machinery (litres)

FY 2025 = **24,975**

Total Energy Consumption (GJ)

FY 2025 = **4,147.55**



In FY 2025, Pan Merchant recorded total energy consumption of 4,147.55 GJ (FY 2024: 4,887.59 GJ), representing a year-on-year reduction. The decrease reflects ongoing operational efficiency initiatives and optimisation of workforce management, in line with the Group's post-listing strategic plans on improving resource utilisation.

The trend reflects energy utilisation that scales with operational output. As data quality and coverage improve, Pan Merchant will focus on identifying efficiency opportunities, setting measurable reduction targets, and strengthening overall energy management practices.

Sustainability Statement

2 Environmental (Cont'd)

Climate Change Management (Cont'd)

GHG Emissions

Managing GHG emissions is an integral component of Pan Merchant's long-term sustainability strategy. The Group's approach aligns with internationally recognised reporting practices, categorising emissions into Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from purchased electricity), and Scope 3 (other indirect emissions across the value chain).

For its inaugural reporting year, Pan Merchant has commenced emissions tracking across Scope 1, Scope 2, and selected Scope 3 categories, capturing emissions arising from operational energy consumption and relevant value chain activities. Scope 3 disclosures currently cover Category 6 (Business Travel) and Category 7 (Employee Commuting), where data is available. This represents an important baseline in establishing a structured carbon accounting framework and improving visibility over the Group's overall emissions profile.

Given the early stage of data collection, current Scope 3 disclosures are based on available data and best-effort estimates, focusing on key categories deemed most relevant to the Group's operations. Pan Merchant is progressively strengthening its data collection processes and intends to expand reporting coverage over time, including broader supplier engagement and waste-related emissions, as data availability and measurement capabilities improve.

	FY 2025
Scope 1 – Direct GHG Emissions	
Fuel consumption from company-owned vehicles, machinery (Non-renewable fuel) (tCO ₂ e)	64.21
<i>Emission factor used: DEFRA GHG conversion factors 2025 – Diesel (average biofuel blend) = 2.57082 kg CO₂e/litre</i>	
Scope 2 – Indirect GHG Emissions	
Electricity consumption of facilities and operations (Location-based) (tCO ₂ e)	675.64
<i>Grid emission factor used: Peninsular Malaysia 2022 – 2024 (provisional) = 0.74 kg CO₂e/kWh</i>	
Scope 3 – Other Indirect GHG Emissions	
Category 6 (Business Travel) (tCO ₂ e)	64.15
Category 7 (Employee Commuting) (tCO ₂ e)	300.25
<i>Emission factor used: DEFRA GHG conversion factors 2025</i>	
<i>Business Travel – international flights (to/from non-UK) = 0.14253 kg CO₂e/km.</i>	
<i>Employee Commuting – based on mode-specific DEFRA emissions factors (e.g. car, bus, rail, motorcycle) as applicable.</i>	

As data coverage improves, Pan Merchant will progressively expand its reporting boundaries to include additional emission sources. Insights derived from this process will support the development of targeted emissions reduction strategies and strengthen the Group's transition towards a lower-carbon operating model.

The Road Ahead

Pan Merchant will continue to strengthen its climate management approach by enhancing data collection systems, improving monitoring capabilities, and establishing clearer performance targets for both energy use and emissions. In supporting its global growth ambitions, the Group is focused on improving carbon efficiency, with an emphasis on reducing emissions intensity on a per-unit basis. This will be achieved through ongoing optimisation of operational processes, adoption of energy-efficient technologies, and the integration of resource efficiency considerations into both operational and strategic decision-making. Through these efforts, Pan Merchant aims to progressively lower its carbon intensity and while advancing towards a more climate-resilient and sustainable operating model.

Sustainability Statement

2 Environmental (Cont'd)

Waste Management



A Matter of Importance

Effective waste management is essential in minimising environmental impact, ensuring regulatory compliance, and promoting efficient use of resources. As a manufacturing-focused organisation, responsible waste practices are critical to reducing pollution and supporting sustainable operations. This aligns with UNSDG 12: Responsible Consumption and Production, which encourages waste reduction, recycling, and responsible resource management.

In line with its Environmental Policy, Pan Merchant adopts a structured approach to waste management, ensuring compliance with applicable environmental laws and regulations, including requirements set by the Department of Environment (DOE). The Group's management systems, developed in alignment with ISO 9001:2015 quality management principles, supports a systematic and disciplined approach to operational processes, including waste handling, segregation, storage, and disposal. These practices are embedded within daily operations to promote consistency, accountability and continuous improvement.



Sustainability Statement

2 Environmental (Cont'd)

Waste Management (Cont'd)

Waste Management Performance

Pan Merchant manages its waste in accordance with applicable regulatory requirements, including those set by the Department of Environment (DOE), particularly in relation to the handling and disposal of scheduled waste. In parallel, the Group implements recycling initiatives where feasible, taking into consideration operational location and waste material type, as part of its efforts to minimise waste generation and promote resource efficiency.

Recyclable materials are systematically collected, segregated, and categorised, with volumes tracked to monitor the proportion of waste diverted from disposal streams. Waste generated across the Group includes general industrial waste, metal-related waste (such as mild steel scrap, machining chips, and metal drums), recyclable materials (including metal, paper, and plastics), as well as scheduled waste, namely, contaminated cloth and blasting sand. A portion of the waste diverted from disposal comprises recyclable metal materials, including Stainless Steel 316 (SS316) and Stainless Steel 304 (SS304), which are recovered and channelled for recycling. This contributes to the Group's overall waste diversion efforts and supports more efficient use of material resources.

In FY 2025, Pan Merchant generated a total of 280.365 metric tonnes of waste. Of this, 138.626 metric tonnes (49%) were successfully diverted from disposal through recycling and recovery efforts, while the remaining 141.739 metric tonnes (51%) were directed towards disposal in accordance with regulatory requirements.

**Total waste generated
(mt)**

FY 2025 = **280.37**

**Total waste diverted from disposal
(mt)**

FY 2025 = **138.63**

**Total waste directed to disposal
(mt)**

FY 2025 = **141.74**



As this represents the Group's initial year of structured waste data tracking, formal reduction targets have not yet been established. Nonetheless, the baseline data collected provides a critical foundation for future performance benchmarking and the development of measurable waste reduction initiatives. Since the commencement of data tracking, the Group recorded zero environmental non-compliance incidents, reflecting adherence to regulatory requirements and effective waste management controls.

The Road Ahead

Pan Merchant will continue to enhance its waste management practices by strengthening data tracking systems, improving waste segregation processes, and expanding waste diversion initiatives across its operations. The Group aims to establish clear waste reduction targets, increase recycling and recovery rates, and collaborate with licensed contractors and recycling partners to optimise waste management outcomes.

Over time, Pan Merchant also intends to explore opportunities to reduce waste generation at source, including process optimisation and material efficiency improvements, supporting its broader objective of advancing towards more sustainable and resource-efficient operations.

Sustainability Statement



2 Environmental (Cont'd)

Water Management



A Matter of Importance

Water is a critical resource that supports Pan Merchant's operations and the communities in which it operates. Responsible water management is essential to minimise environmental impact, ensure operational efficiency, and support long-term sustainability. This aligns with UNSDG 6: Clean Water and Sanitation, which promotes sustainable water use and management.

Pan Merchant recognises water as a valuable and finite resource and is committed to responsible water stewardship across its operations. Guided by its Environmental Policy, the Group has implemented water management practices aimed at improving efficiency, reducing wastage, and supporting environmental protection as part of its broader sustainable resource management approach.

As part of these efforts, Pan Merchant has implemented a rainwater harvesting system with a capacity of approximately 260,000 litres at its Lahat plant, which is currently in operation. This system supports the reduction of reliance on treated water supply for non-potable uses and contributes to more efficient water utilisation within the facility.

In addition, the Group adopts practical water conservation measures such as routine monitoring of water consumption, periodic inspections to detect and address leaks, and internal awareness initiatives to promote responsible water usage among employees. These measures collectively support improved water efficiency and form the basis for ongoing enhancements in water management practices.

Sustainability Statement

2 Environmental (Cont'd)

Water Management (Cont'd)

Water Consumption and Monitoring

Pan Merchant has initiated water consumption tracking to better understand and manage its resource utilisation. In FY 2025, the Group recorded total water consumption of 21.75 megalitres, establishing an initial baseline for future monitoring and performance improvement. The implementation of these tracking mechanisms enables Pan Merchant to identify consumption trends, improve efficiency, and support the development of measurable water reduction targets over time.

The Road Ahead

Pan Merchant will continue to strengthen its water management practices by enhancing data coverage, improving monitoring systems, and identifying opportunities to optimise water usage across its operations. The Group will also promote water conservation awareness among employees and explore initiatives to reduce consumption intensity, reinforcing its commitment to responsible resource stewardship.

**Total volume of water used
(megalitres)**

FY 2025 = **21.75**



Sustainability Statement

3 Social

Diversity and Inclusion



A Matter of Importance

Diversity and inclusion are fundamental to fostering innovation, strengthening collaboration, and enhancing organisational resilience. A diverse workforce enables Pan Merchant to draw from a wide range of perspectives and experiences supporting more effective decision-making and sustainable business performance. This aligns with UNSDG 5: Gender Equality and UNSDG 10: Reduced Inequalities, which promote inclusive and equitable opportunities for all.

Pan Merchant believes that a diverse and inclusive workplace is essential to long-term success. By embracing individuals from different backgrounds, perspectives, and experiences, the Group fosters an environment where employees feel valued, respected, and empowered to contribute meaningfully.

The Group's commitment extends beyond regulatory compliance and is embedded in its talent management practices, with a focus on; promoting equal opportunities across all levels of the organisation, encouraging gender diversity and balanced representation and cultivating a culture grounded in fairness, transparency, and mutual respect. These efforts strengthen employee engagement, enhance organisational cohesion, and support sustainable and inclusive growth.



Sustainability Statement

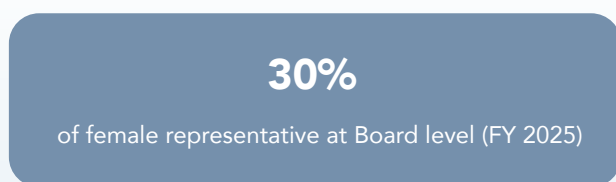
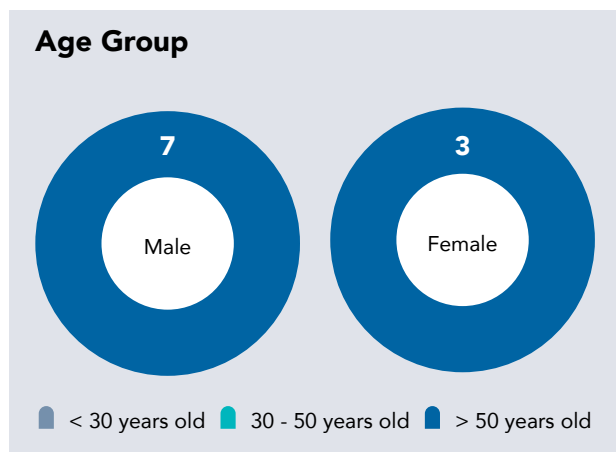
3 Social (Cont'd)

Diversity and Inclusion

Board Composition and Diversity

As the highest governing body, the Board plays a critical role in shaping Pan Merchant's strategic direction and sustainability agenda. A diverse Board enhances oversight, broadens perspectives, and supports balanced decision-making. In line with the Malaysian Code on Corporate Governance (MCCG) 2021, Pan Merchant is committed to maintaining diversity across gender, age, experience, and professional background.

The Group discloses its Board composition to reinforce transparency and alignment with governance best practices. Board composition as at FY 2025:



Workforce Profile

Pan Merchant recognises that its workforce is central to its operational strength and future growth. In FY 2025, the Group employed a total of 304 employees across its operations in Malaysia. The Group monitors workforce composition by gender, age, and ethnicity to support informed decision-making in talent development and inclusivity initiatives.

Total number of male employees

FY 2025 = 256

Total number of female employees

FY 2025 = 48

Total percentage of male employees

FY 2025 = 84.21%

Total percentage of female employees

FY 2025 = 15.79%

16.67%

Women in management positions (FY 2025)

27.52%

Women in executive roles (FY 2025)

3.50%

Women in non-executive and technical roles (FY 2025)

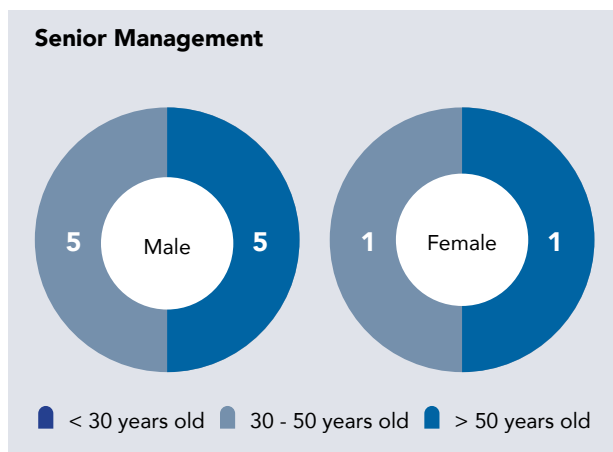
Sustainability Statement

3 Social (Cont'd)

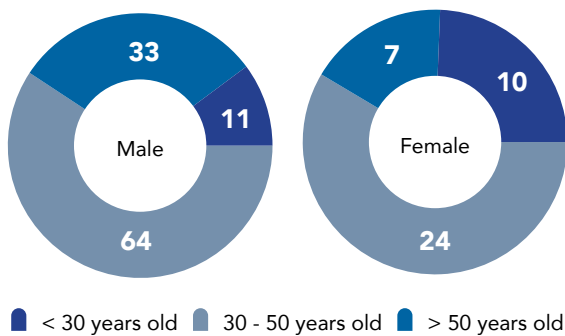
Diversity and Inclusion (Cont'd)

Workforce Profile (Cont'd)

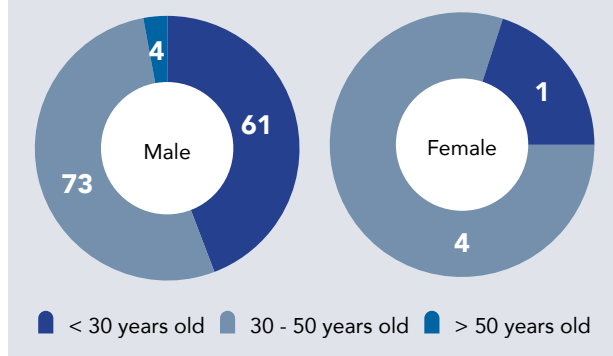
Age and Gender by Employee Category as at FY 2025:



Middle Management

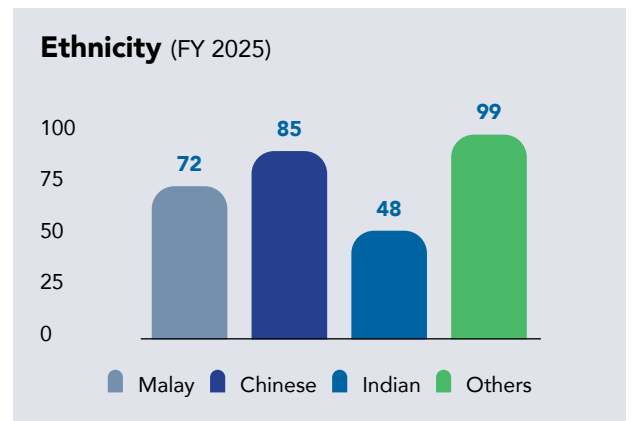


Non-Executive



Employees by Ethnicity

Reflecting Malaysia's multicultural landscape, Pan Merchant's workforce comprises a diverse mix of ethnic backgrounds, primarily Malay, Chinese, and Indian employees. This diversity fosters mutual respect, encourages the exchange of ideas, and strengthens collaboration across the organisation.



The Road Ahead

Pan Merchant will continue to strengthen diversity and inclusion by promoting equitable opportunities, enhancing representation across all levels, and fostering an inclusive workplace culture. The Group remains committed to building a workforce that reflects the diversity of the communities it serves while supporting long-term organisational resilience.

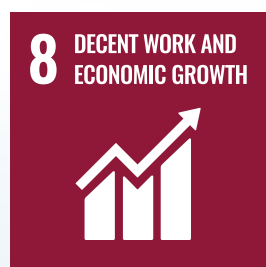


Sustainability Statement



3 Social (Cont'd)

Labour Practices and Standards



A Matter of Importance

Pan Merchant recognises that its employees are central to its long-term success. Upholding fair labour practices ensures dignity, equity, and respect in the workplace. This aligns with UNSDG 8: Decent Work and Economic Growth.

Sustainability Statement

3 Social (Cont'd)

Labour Practices and Standards (Cont'd)

Fair and Responsible Employment Practices

Pan Merchant is committed to maintaining fair labour practices in compliance with applicable laws, including the Employment Act 1955 of Malaysia. This commitment is guided by the Employees' Guidelines, which cover: Fair treatment and equal opportunity, working hours and compensation, Workplace conduct and expectations. Through structured policies and continuous monitoring, Pan Merchant ensures a respectful and inclusive work environment.

Learning and Capability Development

Pan Merchant recognises that continuous development is critical to sustaining growth and innovation. During FY 2025, Pan Merchant implemented a range of training programmes to strengthen employee competencies across sustainability, technical expertise, regulatory compliance, and operational excellence. Key training areas included:

Sustainability and ESG	<ul style="list-style-type: none"> • Sustainable Manufacturing Maturity Tools and Framework for ESG • Sustainable Manufacturing Maturity Analysis and Prioritisation for ESG • ESG and IFRS S1 & S2
Regulatory and Compliance	<ul style="list-style-type: none"> • FMM Annual Sales and Service Tax (SST) Seminar 2025: Navigating Compliance and Updates • FMM Seminar on SST Expansion: 100 Days in Review – Navigating Compliance and Updates • Seminar on Malaysia–United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) • Mastering Joint Integrity: Best Practices and Smart Solutions • Company Overview and Credit Risk (Creditrack) Training
Operational Excellence and Continuous Improvement	<ul style="list-style-type: none"> • Kaizen Culture Training • Advanced Negotiation and Supplier Relationship Management • Policy for Purchasing: Centralised Systems and Microsoft 365 Integration • Microsoft Excel (Intermediate Level) • Employee Engagement and Sharing: Lunch and Learn Sessions • IMM Protective Coatings Technician (Blaster/Painter) – Levels 1 and 2
Health, Safety and Environment (HSE)	<ul style="list-style-type: none"> • Contractor Safety Passport System (ECITB – All Risk) • Authorised Entrant and Standby Person for Confined Space (Refresher) • Safe Handling of Forklift Truck • Occupational Safety and Health at Construction Site • Workplace Safety Seminar: "Working Safely, Returning Home Safely"

These initiatives support both professional growth and operational excellence, while reinforcing the Group's commitment to building a capable and future-ready workforce. Pan Merchant tracks total training hours as a key performance indicator to assess the effectiveness of its learning and development initiatives and to identify areas for enhancement. In FY 2025, 304 employees across all categories completed a total of 1992 training hours.

A total of **304** employees completed
1992 hours of trainings (FY 2025)

Sustainability Statement

3 Social (Cont'd)

Labour Practices and Standards (Cont'd)

Employee Engagement and Workforce Stability

Pan Merchant adopts a zero-tolerance approach to discrimination and ensures all employees are treated with dignity and respect.

Reported incidents of discrimination or related grievances

FY 2025 = **ZERO**

Beyond regulatory compliance, Pan Merchant is committed to fostering a supportive and inclusive work environment, supported by a comprehensive employee benefits framework. These include:

Outpatient Medical coverage

Parental leave

Medical leave

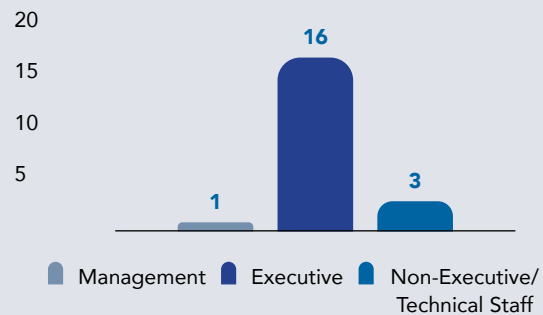
Dental and Vision benefit

Health Screening

Group Insurance Coverage

The Group has also established a standard notice period of 1 – 6 months, depending on seniority, for resignations and terminations, promoting transparency, mutual respect, and orderly workforce transitions. Through these practices, Pan Merchant aims to strengthen employee satisfaction, retention, and long-term organisational stability. In FY 2025, a total of 20 employees left the organisation, resulting in a workforce turnover rate of 6.52%.

Turnover by Employee Category (FY 2025)



Total number of employee turnover

FY 2025 = **20**

The Group maintains structured employment practices, including standard notice periods, to ensure orderly workforce transitions and operational continuity. Pan Merchant also monitors workforce composition, including the proportion of contractors and temporary staff, to ensure effective workforce planning and flexibility.

In FY 2025, the Group engaged a total of 50 contractors and temporary staff, representing approximately 14.12% of the total workforce. This supports operational requirements while maintaining a balanced and stable workforce structure.

Percentage of employees that are contractors or temporary staff (%)

FY 2025 = **14.12%**

Sustainability Statement

3 Social (Cont'd)

Labour Practices and Standards (Cont'd)

Human Rights and Ethical Employment

Pan Merchant is committed to upholding fundamental human rights, including; prohibition of forced labour and child labour, fair and voluntary employment practices, and clear and transparent employment terms. These principles are embedded within the Group's policies and operational practices.

Number of substantiated complaints concerning human right violations

FY 2025 = **ZERO**

The Road Ahead

Pan Merchant will continue to strengthen its labour practices by enhancing employee engagement, expanding development programmes, and reinforcing a culture of fairness, respect, and inclusivity. The Group also aims to further strengthen talent retention strategies, improve workforce planning, and align human capital development with evolving business needs, ensuring a resilient and future-ready workforce.



Sustainability Statement

3 Social (Cont'd)

Health and Safety



A Matter of Importance

Ensuring a safe and healthy workplace is essential to protecting employees, maintaining operational continuity, and supporting long-term sustainability. This aligns with UNSDG 3: Good Health and Well-being, which advocates safe and healthy working environments for all.

Pan Merchant is committed to providing a work environment where employees can perform their duties safely and confidently. A strong safety culture not only protects employee well-being but also enhances productivity and organisational resilience.

The Group has established an Occupational Health and Safety (OHS) Policy across all subsidiaries, supported by:

Standard Operating Procedures (SOPs)

Hazard Identification, Risk Assessment and Risk Control (HIRARC) framework

These practices are aligned with applicable regulatory requirements and internationally recognised industry standards, ensuring a structured and proactive approach to occupational health and safety management. Risk assessments are conducted periodically based on job scope to identify potential hazards, evaluate risks, and implement appropriate mitigation and control measures.

In addition, a Health and Safety Committee comprising cross-functional representatives facilitates:

Review of safety performance

Continuous communication and awareness on safety practices

Resolution of workplace safety concerns

Regular safety briefings, toolbox talks, and incident reviews further reinforce a proactive and preventive safety culture across operations.

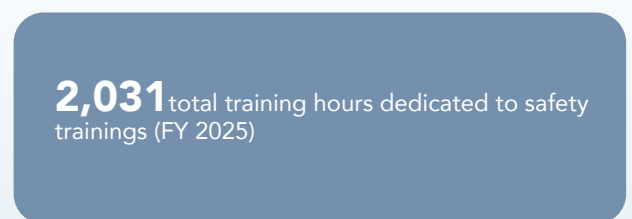
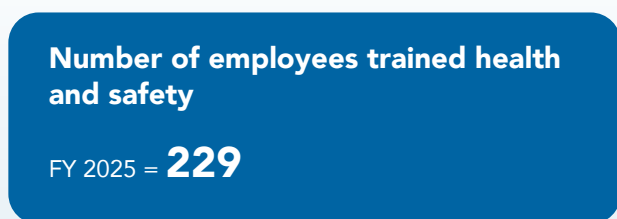
Sustainability Statement

3 Social (Cont'd)

Health and Safety (Cont'd)

Safety Training and Capability Building

Pan Merchant invests in training programmes to equip employees with the knowledge and skills required to maintain a safe working environment and respond effectively to emergencies. During FY 2025, Pan Merchant conducted a series of safety training and awareness programmes to strengthen workplace safety competencies and promote a proactive safety culture across its operations. Key training initiatives included:



Sustainability Statement

3 Social (Cont'd)

Health and Safety (Cont'd)

Safety Performance and Monitoring

Pan Merchant actively monitors key occupational health and safety indicators, including Lost Time Injury (“LTI”). In FY 2025, the Group recorded one LTI, reflecting; effective safety management systems, strong compliance with established procedures, and high levels of employee awareness.

Lost time incident rate
(LTIR)

FY 2025 = **0.31**

Work-related fatalities
(number)

FY 2025 = **Zero**

One (1) work-related accident occurred during the financial year resulting in hospitalisation and medical leave. Based on the investigation findings, the incident was caused by improper use of PPE and guardrails when working on a platform. Throughout the reporting year, Pan Merchant remained focused on strengthening workplace safety through proactive monitoring and continuous improvement of safety practices.

The Road Ahead

Pan Merchant will continue enhancing its health and safety practices through improved training programmes, strengthened risk management processes, and the promotion of a proactive safety culture. The Group also aims to leverage data-driven insights to identify trends, prevent incidents, and continuously improve safety performance, ensuring that workplace safety remains a core operational priority.



Sustainability Statement



3 Social (Cont'd)

Community Investment



A Matter of Importance

Pan Merchant recognises the importance of contributing positively to the communities in which it operates. Community investment reflects the Group's commitment to social responsibility and inclusive growth. This aligns with UNSDG 11: Sustainable Cities and Communities.

Sustainability Statement

3 Social (Cont'd)

Community Investment (Cont'd)

Creating Positive Community Impact

As part of its commitment to responsible business practices, Pan Merchant seeks to create meaningful social impact through community engagement initiatives. During FY 2025, Pan Merchant undertook several community-focused initiatives aimed at supporting healthcare, environmental conservation, and social development:

1. Identification

Contribution to a breast cancer awareness and diagnostic campaign under the PPUM B40 Women Diagnostic Fund, supporting access to early detection and healthcare services for underprivileged women.

2. Community and Social Development

Participation in the 2025 UOB Heartbeat Run, a fundraising initiative supporting organisations such as SOLS Foundation, HOPE Worldwide Malaysia, Food Aid Foundation, and PINTAR Foundation, which focus on education access, youth development, food security, and community empowerment.

3. Environmental Conservation

Collaboration with the Malaysian Nature Society on tree planting initiatives and wildlife conservation efforts, including programmes supporting the protection of endangered species such as the Malayan tapir.

These initiatives contributed to local development, strengthened community relationships, and enhanced social well-being. In FY 2025, Pan Merchant invested a total of RM42,025, benefiting 6 organisations. Beyond financial contributions, the Group also encourages employee participation in community initiatives, fostering a culture of volunteerism and strengthening its social impact.

The Road Ahead

Pan Merchant aims to expand its community engagement efforts by strengthening partnerships with non-governmental organisations and local stakeholders, broadening outreach initiatives, and focusing on programmes that deliver sustainable and long-term impact. The Group will also seek to align its community investments more closely with its core sustainability priorities to maximise shared value creation.

Sustainability Statement

Sustainability Snapshots



Sustainability Statement



Advancing Our Sustainability Journey

As Pan Merchant concludes its inaugural Sustainability Statement, the Group marks a significant milestone in its journey towards embedding sustainability into its core business practices. This year represents the establishment of key foundations, including governance structures, policies, and baseline data to support a more structured and strategic approach.

Building on this foundation, Pan Merchant is focused on translating commitments into measurable outcomes. The Group will continue to; strengthen sustainability governance frameworks, enhance data collection and reporting capabilities as well as refine key performance indicators to improve transparency and accountability.

Looking ahead, Pan Merchant aims to further integrate sustainability considerations into its strategic and operational decision-making. This includes advancing environmental initiatives, reinforcing ethical business practices, and investing in the development and well-being of its workforce. As part of this commitment, the Group targets to achieve ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System) certifications by the fourth quarter of 2026. These certifications will strengthen Pan Merchant's management systems and support its ability to meet the requirements of customers in international markets.

At the same time, the Group remains mindful of an evolving external landscape shaped by regulatory developments, market dynamics, and stakeholder expectations. Pan Merchant is committed to remaining agile and responsive in identifying and addressing emerging risks and opportunities.

Ultimately, Pan Merchant's sustainability approach is anchored in the belief that long-term business success is intrinsically linked to responsible and sustainable practices. By maintaining this focus, the Group aims to strengthen resilience, create enduring value, and contribute meaningfully to the environment and communities it serves.

As we move forward, Pan Merchant will continue to build on its sustainability foundations, progressing with purpose and discipline towards a future where responsible growth and business excellence are intrinsically aligned.

Sustainability Statement

Bursa Malaysia's Prescribed Table

Pan Merchant Berhad
BMLR Transition Period

Date & Time: 2026-04-29_18:44:00
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-corruption - C1(a)	Percentage of employees who have received training on anti-corruption across all categories	%	N/A	N/A	No assurance	In FY2025, the Group communicated its ABAC policy and shared related training materials via internal communication channels, to promote awareness and understanding of ethical standards across all employees.
Anti-corruption - C1(b)	Percentage of operations assessed for corruption-related risks	%	100.00	N/A	No assurance	Internal verification conducted
Anti-corruption - C1(c)	Confirmed incidents of corruption and action taken	Number	0	N/A	No assurance	Internal verification conducted
Community / Society - C2(a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	42,025.00	N/A	No assurance	Internal verification conducted
Community / Society - C2(b)	Total number of beneficiaries of the investment in communities	Number	6 organisations	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Senior Management <30	%	0.00	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Senior Management 30 - 50	%	50.00	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Senior Management >50	%	50.00	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Senior Management - Male	%	83.33	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Senior Management - Female	%	16.67	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Middle Management <30	%	12.08	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Middle Management 30 - 50	%	59.06	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Middle Management >50	%	28.86	N/A	No assurance	Internal verification conducted

Sustainability Statement

Bursa Malaysia's Prescribed Table (Cont'd)

Pan Merchant Berhad BMLR Transition Period

Date & Time: 2026-04-29_18:44:00
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity - C3(a)	Middle Management - Male	%	72.48	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Middle Management - Female	%	27.52	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Non-executive <30	%	43.36	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Non-executive 30 - 50	%	53.85	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Non-executive >50	%	2.80	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Non-executive - Male	%	96.50	N/A	No assurance	Internal verification conducted
Diversity - C3(a)	Non-executive - Female	%	3.50	N/A	No assurance	Internal verification conducted
Diversity - C3(b)	Directors <30	%	0.00	N/A	No assurance	Internal verification conducted
Diversity - C3(b)	Directors 30 - 50	%	0.00	N/A	No assurance	Internal verification conducted
Diversity - C3(b)	Directors >50	%	100.00	N/A	No assurance	Internal verification conducted
Diversity - C3(b)	Directors - Male	%	70.00	N/A	No assurance	Internal verification conducted
Diversity - C3(b)	Directors - Female	%	30.00	N/A	No assurance	Internal verification conducted
Energy Management - C4(a)	Total energy consumption	GJ	4174.55	N/A	No assurance	Internal verification conducted
Health and Safety - C5(a)	Number of work-related fatalities	Number	0	N/A	No assurance	Internal verification conducted
Health and Safety - C5(b)	Lost time incident rate	Rate	0.31	N/A	No assurance	Internal verification conducted
Health and Safety - C5(c)	Number of employees trained on health and safety standards	Number	229	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(a)	Total Training Hours - Senior Management	Hours	904	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(a)	Total Training Hours - Middle Management	Hours	944	N/A	No assurance	Internal verification conducted

Sustainability Statement

Bursa Malaysia's Prescribed Table (Cont'd)

Pan Merchant Berhad BMLR Transition Period

Date & Time: 2026-04-29_18:44:00
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour practices and standards - C6(a)	Total Training Hours - Non-Executive	Hours	144	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(b)	Percentage of employees that are contractors or temporary staff	%	1412	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(c)	Employee Turnover - Senior Management	Number	1	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(c)	Employee Turnover - Middle Management	Number	16	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(c)	Employee Turnover - Non Executive	Number	3	N/A	No assurance	Internal verification conducted
Labour practices and standards - C6(d)	Number of substantiated complaints concerning human rights violations	Number	0	N/A	No assurance	Internal verification conducted
Supply chain management - C7(a)	Proportion of spending on local suppliers	%	6770	N/A	No assurance	Internal verification conducted
Data privacy and security - C8(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	N/A	No assurance	Internal verification conducted
Water - C9(e)	Total volume of water used	Megalitres	2175	N/A	No assurance	Internal verification conducted
Waste management - C10(a)	Total waste generated	Metric tonnes	280.37	N/A	No assurance	Internal verification conducted
Waste management - C10(a)(i)	Total waste diverted from disposal	Metric tonnes	138.63	N/A	No assurance	Internal verification conducted
Waste management - C10(a)(ii)	Total waste diverted to disposal	Metric tonnes	141.74	N/A	No assurance	Internal verification conducted

Sustainability Statement

Bursa Malaysia's Prescribed Table (Cont'd)

Pan Merchant Berhad

BMLR Transition Period

Date & Time: 2026-04-29_18:44:00

FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Emissions Management - C11(a)	Scope 1	tCO2e	64.21	N/A	No assurance	UK DEFRA 2025 emission factor for Diesel (100% mineral) of 2.6615kgCO ₂ e/litre is applied as per the GHG Protocol
Emissions Management - C11(b)	Scope 2	tCO2e	675.64	N/A	No assurance	Malaysia Grid Emission Factor 2022 - 2024 (Provisional) of 0.74 kgCO ₂ e/kWh is applied as per the GHG Protocol
Emissions Management - C11(c)	Scope 3: Category 6 (Business Travel)	tCO2e	64.15	N/A	No assurance	UK DEFRA 2025 emission factor for International, to /from non-UK, Flights of 0.14253 kgCO ₂ e/km is applied as per the GHG Protocol
Emissions Management - C11(c)	Scope 3: Category 7 (Employee Commuting)	tCO2e	300.25	N/A	No assurance	UK DEFRA 2025 emission factor for Average Car of 0.16272 kgCO ₂ e/km and for Local Bus (not London) of 0.12525 kgCO ₂ e/km is applied as per the GHG Protocol

Corporate Governance Overview Statement

The Board of Directors ("Board") of Pan Merchant Berhad ("Pan Merchant" or "Company") is pleased to present an overview of the Company's corporate governance practices during the financial year ended 31 December 2025 which was guided by the three (3) key principles of good corporate governance set out in the Malaysian Code on Corporate Governance 2021 ("MCCG"). The Board has taken steps to align its governance framework with both the intended practices and Step-Up recommendations of the MCCG, including measures to reinforce Board independence, strengthen oversight, and enhance transparency. Full details of our application of each MCCG practice are disclosed in our Corporate Governance Report ("CG Report"), which is available on our Company's website at www.pmi-group.com and via the announcement made to Bursa Malaysia Securities Berhad ("Bursa Securities").

This statement is prepared in compliance with Paragraph 15.25 of the ACE Market Listing Requirement ("ACE LR") and it is to be read together with the CG Report.

The Board recognizes the importance of good corporate governance and is committed to ensuring that good corporate governance is practiced throughout our Group to safeguard stakeholders' interests as well as enhance shareholders' value.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Our Board assumes full responsibility for the oversight and overall management of the Group, with the ultimate aim of delivering sustainable value to all stakeholders. To facilitate the effective discharge of its functions and responsibilities, the Board has established an internal governance framework that delegates specific powers to the relevant Board Committees, the Managing Director, Executive Directors, and the Senior Management of the Company and its subsidiaries.

The Board plays an active role in shaping the Group's strategic direction. It reviews, deliberates, and approves the annual business plan as recommended by Senior Management. In fulfilling its fiduciary duties, the Board has direct and unrestricted access to Senior Management, as well as immediate access to all relevant information concerning the Group's business and operations. Senior Management is also invited to attend Board meetings to present updates and reports on matters within their respective areas of responsibility.

The Board ensures that strategic and business plans are aligned with the Group's obligations to stakeholders. It oversees financial and operational performance, legal and ethical compliance, and risk management, while also reviewing the adequacy and integrity of the Group's internal control and management information systems. In addition, the Board ensures the effective implementation of investor relations initiatives and succession planning programme.

To enhance the efficiency and objectivity of its oversight, the Board has established three principal committees: the Audit and Risk Committee, the Nomination Committee, and the Remuneration Committee. These Committees are entrusted with specific mandates as set out in their respective Terms of Reference ("ToR"), enabling them to act on the Board's behalf in designated areas. At each Board meeting, minutes of the Committee meetings are circulated to all Directors, and the respective Committee Chairmen report to the Board on key deliberations, significant matters, and recommendations arising from their meetings.

Company Secretaries

Both Company Secretaries of the Company are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.

Access to Information and Advice

Our Board have full and unrestricted access to information on our Group's business and affairs to enable them to discharge their duties and responsibilities effectively. All Directors have direct access to the Senior Management and may interact directly with the Management, or request further explanation, information or updates on any areas of our Group's operations or business.

All Directors also have full and unrestricted access to the advice and dedicated support services of our Company Secretaries and may obtain independent professional advice to discharge their duties effectively and to ensure the effective functioning of our Board.

To facilitate productive and meaningful deliberations during Board and/or Board Committee Meetings, the agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least 5 days prior to the Meetings.

Corporate Governance Overview Statement

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

I. Board Responsibilities (Cont'd)

Board Charter

The Board Charter sets out the roles and responsibilities of our Board and Board Committees and the processes and procedures for convening Board Meetings. It serves as a reference and is the primary induction literature providing prospective and existing Board members and Management with insights into the fiduciary and leadership function of the Directors.

Our Board reviews this charter periodically, at least once a year to ensure it is updated with the latest changes in regulations and best practices and to ensure its effectiveness and relevance to our Boards' objectives.

Code of Ethics and Conduct

Our Company's Code of Conduct and Ethics is to set out those legal and ethical standards of conduct that the Company believes are reasonably designed to deter wrongdoing and to promote the conduct of all Company business in accordance with high standards of integrity and compliance with all applicable laws and regulations.

Each Employee is responsible and accountable for:

- a) Understanding and meeting the standards described in this Code;
- b) Keeping herself or himself informed and aware of any updates; and
- c) Undertaking the relevant training courses aimed at improving awareness and understanding of the standards referenced in this Code.

Whistleblowing Policy

Pan Merchant has in place a Whistleblowing Policy to foster an environment in which integrity and ethical behaviour are upheld to the highest standards. Our Board acknowledges that misconduct and any illegal or improper actions within our Group are usually known first by people who work in or with our Group. As such, our Board views the whistleblowing policy and procedure as a good early warning system to help our Group detect any wrongdoings and to take corrective actions before the problem escalates.

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

The Board had adopted the ABAC Policy to incorporate the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within our Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020 and to include the corruption risks in the annual risk assessment of our Group.

Further details pertaining to the respective ToR of our Board Committees, Board Charter, Code of Conduct and Ethics, Whistleblowing Policy and ABAC Policy are available at Pan Merchant' website at www.pmi-group.com

II. Board Composition

Our Board currently comprises ten (10) members, of which we have one (1) Senior Independent Non-Executive Director, five (5) Executive Directors and four (4) Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE LR whereby at least 2 Directors or 1/3 of the Board, whichever is higher, shall be Independent Directors. In the event that any vacancy on our Board results in a non-compliance with the above, our Company must fill that vacancy within 3 months.

While the Board does not currently comprise a majority of Independent Directors as recommended under the Malaysian Code on Corporate Governance, the Board is led by an Independent Non-Executive Chairman. The Board is of the view that this leadership structure provides an appropriate balance of power and authority, and ensures effective oversight and objective decision-making.

The Board currently has two (2) female Independent Non-Executive Director and one (1) female Executive Director among the ten (10) Directors on the Board, representing 30% female participation on the Board.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

The Board acknowledges the importance of diversity, including gender, age, ethnicity and professional background, in enhancing its effectiveness. A Gender Diversity Policy will be progressively implemented as part of the Board's future expansion plans, and suitably qualified female candidates will be considered through a formal and transparent nomination process.

The presence of the five (5) Independent Non-Executive Directors is essential in providing guidance through unbiased, fully balanced and independent views, advice and judgement to many aspects of our Group's strategy to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by our Group.

Our Board is of the opinion that the interests of shareholders of our Company are fairly represented by the current Board composition and its size constitutes an effective Board of our Company.

Nomination Committee ("NC")

The membership of the NC is as follows:

Chairman:

Datuk Seri Nurmala Binti Abd. Rahim (*Senior Independent Non-Executive Director*)

Members:

Fong Kit Chiu (*Independent Non-Executive Director*)

Datin Ooi Swee Lian (*Independent Non-Executive Director*)

Ir. Viyasan K Krishnan (*Independent Non-Executive Director*)

The NC of Pan Merchant assumes the following core responsibilities:

- to review, consider and recommend to the Board and/or to fill casual vacancies for candidates to be on the Board of the Company and its subsidiaries, including Committees of the Board by not only relying on internal recommendation but also utilising independent external sources to identify suitably qualified candidates based on the Company's Fit and Proper Policy;
- to recommend to the Board in respect of Directors' independence and conflicts of interests, if any, and the steps to be taken to manage potential conflicts of interest;
- to review, consider and recommend to the Board candidates for the positions of Senior Management of the Company based on objective criteria, merit and with due regard for diversity in matters such as skills, experience, age, cultural background and gender based on the Company's Fit and Proper Policy;
- to review the Board composition and determine the mix of gender (at least 30% women directors), skills, experience and other relevant qualities, including core competencies of the whole Board and Senior Management, on an annual basis;
- to provide recommendations to the Board on the Company's gender diversity policies, targets and discuss measures to be taken to meet those targets;
- to establish an effective succession strategy for Senior Management and review succession planning for the Board and Senior Management;
- to assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director and each member of the Board Committees to determine whether such Directors/ Board Committees and its members (as the case may be) have carried out their duties in accordance with the Board Charter and their respective terms of reference;
- to assess the skill gaps and training needs of each Director, review the fulfilment of such training and disclose in the annual report as appropriate;

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Nomination Committee ("NC") (Cont'd)

- to establish and review the criteria to be used in the recruitment process and annual assessment of the Board, Board Committees and each individual Director, including annual assessment of the independence of Non-Independent Director;
- to consider such other functions as may be agreed to by the NC and/or the Board;
- to review the policy which limits the tenure of each Independent Director to nine (9) years without further extension. Upon completion of the nine (9) years, the extension of tenure of an Independent Director shall be justified and sought during the annual shareholders' meeting through a two-tier voting process. Upon completion of the twelve (12) years, an Independent Director must resign or re-designate as non-Independent Director; and
- to review the board nomination and annual re-election process of each Director and criteria used by the NC in the selection process which shall be contingent on satisfactory evaluation of the Directors' performance and contribution to the Board.

The recommendations of the Nomination Committee are subject to the approval of our Board.

Details of the ToR for NC of Pan Merchant are available at our corporate website at www.pmi-group.com

Appointment of New Directors to the Board

Our Company has in place procedures and criteria for the appointment of new Directors. The NC is to carry out an interview with the candidate prior to his/her appointment as a Director of our Company. All candidates for the appointment are first considered by the NC, who will take into the account the mix of skills, knowledge, expertise, competencies, experience, professionalism, integrity and other relevant qualities required to well manage the business, with the aim of meeting the current and future needs of our Board. The NC also evaluates the candidates' character and ability to commit sufficient time to our Group. Other factors considered for the appointment of Independent Directors include the level of independence of the candidate and the candidates' ability to discharge such responsibilities required of them.

The NC leads the process of identifying candidates and making recommendations on their suitability to be appointed for directorship on our Board and as members to our Board Committees for our Board's approval. Our Board will then, based on the recommendations of the NC, evaluate and decide on the appointment of the proposed candidate(s). Our Company Secretaries will ensure that all appointments are properly conducted and that legal and regulatory obligations are met.

The NC will assess the potential candidate's suitability and the candidates are required to declare and confirm in writing their independence based on the criteria on independence as set out in the ACE LR.

The NC will also review the composition of the respective Board Committees of our Company to ensure they are functioning effectively.

Board Evaluation

The NC has also established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of our Board, each Board Committee and review the performance of our Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

The NC has reviewed the required mix of skills, experience and other qualities of our Board and Board Committees, and agreed that it has the necessary mix of skill, experience and other qualities to serve effectively.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Board Evaluation (Cont'd)

Notwithstanding the recommendation of the MCCG, our Company does not practise any form of gender, ethnicity and age group biasness and all candidates shall be given fair and equal treatment. Our Board believes that there is no detriment to our Company in not adopting a formal gender, ethnicity and age group diversity policy as our Company is committed to providing fair and equal opportunities to nurture diversity within our Company. Our Board is of the view that the appointment of any Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more female directors, where suitable, to be in line with MCCG's recommendation.

Annual Assessment of Independence

The NC plays an important role in assisting our Board to assess the independence of the Non-Executive Directors of our Company on an annual basis. Based on the assessment conducted by the NC, our Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of our Company and their ability to act in the best interest of our Group.

The NC develops the criteria used to assess independence of the Independent Directors, which includes, but are not limited to, the directors' background, family relationships, shareholdings in our Company and related party transactions with our Group (if any).

Time Commitment

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met four (4) times during the financial year under review. The attendance record of the Directors at Board meetings is as follows:

	Attendance
Datuk Tan Leh Kiah	4/4
Wong Voon Ten	4/4
Wong Nyeon Thiat	4/4
Wong Voon Yoong	4/4
Wong Voon Shek	3/4
Datuk Seri Nurmala Binti Abd. Rahim	4/4
Datin Ooi Swee Lian	4/4
Fong Kit Chiu	4/4
Ir. Viyasan K Krishnan	4/4

Even though our Company does not set a policy for Directors to notify the Chairman and/or Management prior to accepting new appointments, in line with the ACE LR, a Director of Pan Merchant must not hold directorships in more than 5 Public Listed Companies and must be able to commit sufficient time to the Company. This is to ensure that the Directors are able to commit sufficient time and focus to discharging their roles and responsibilities within our Company adequately.

Our Directors are required to submit an update on their other directorships from time to time for our Company to monitor the number of directorships held by the Directors of Pan Merchant and to notify the Companies Commission of Malaysia accordingly.

To facilitate the Directors' planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every calendar year.

Corporate Governance Overview Statement

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

II. Board Composition (Cont'd)

Continuing Training Programme

Our Directors are mindful that they should continue to attend relevant training programs to enhance their skills and knowledge, as well as to keep abreast with the changing regulatory and corporate governance developments to assist them in discharging their duties as Directors.

The details of trainings attended by our Directors during the financial year are as follows:

Directors	Date	Description
Datuk Tan Leh Kiah	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 June 2025	Pre-IPO Dialogue
Wong Voon Ten	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 Jun 2025	Pre-IPO Dialogue
Wong Nyeon Thiat	12 – 13 Feb 2025	Sustainable Manufacturing Maturity Tools and Framework for ESG
	14 Mar 2025	Sustainable Manufacturing Maturity Analysis and Prioritization for ESG
	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
Wong Voon Yoong	25 Jun 2025	Pre-IPO Dialogue
	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 Jun 2025	Pre-IPO Dialogue
Wong Voon Shek	12 – 13 Feb 2025	Sustainable Manufacturing Maturity Tools and Framework for ESG
	14 Mar 2025	Sustainable Manufacturing Maturity Analysis and Prioritization for ESG
	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 Jun 2025	Pre-IPO Dialogue
Lee Cheng Ngee	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	24 Oct 2025	Pre-IPO Dialogue
	26 May 2025	CLTC AI for Manufacturing Transformation
Datuk Seri Nurmala binti Abd Rahim	25 Jun 2025	Pre-IPO Dialogue
	20 Mar 2025	Briefing on Climate Risk-Related Matters, by RMD & PwC
Datin Ooi Swee Lian	6 May 2025	Masterclass: Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities, by FIDE Forum
	8 May 2025	Strategies Insights for Board-The Future of Financial Crime Compliance, by Deloitte
	18 Jun 2025	Sasana Symposium, by BNM
	24 Oct 2025	Navigating the sustainability reporting in Malaysia by PwC
	24 Oct 2025	Cyber security incident response by Centurion
	24 Oct 2025	IFRS S1 and IFRS S2 by PwC
	24 Oct 2025	IFRS S1 and IFRS S2 by PwC
Fong Kit Chiu	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 Jun 2025	Pre-IPO Dialogue
Ir. Viyasan K Krishnan	9 – 10 Jun 2025	Mandatory Accreditation Programme Part I
	25 Jun 2025	Pre-IPO Dialogue

Corporate Governance Overview Statement

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

III. Remuneration Committee ("RC")

The membership of the RC is as follows:

Chairman:

Datin Ooi Swee Lian (*Independent Non-Executive Director*)

Members:

Datuk Seri Nurmala Binti Abd. Rahim (*Senior Independent Non-Executive Director*)

Fong Kit Chiu (*Independent Non-Executive Director*)

Ir. Viyasan K Krishnan (*Independent Non-Executive Director*)

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of our Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by our Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

The details of the Company's Directors' remuneration comprising remuneration received/receivable from our Company and its subsidiaries during the FY 2025 are as follows:

(a) Company

Name of Directors	Fees (RM)	Salary (RM)	Allowances (RM)	Bonus (RM)	Other Emolument # (RM)	Benefits-in-kind (RM)	Total (RM)
Non-Executive							
Datuk Tan Leh Kiah	88,750	-	1,000	-	-	-	89,750
Datuk Seri Nurmala Binti Abd. Rahim	67,167	-	1,000	-	-	-	68,167
Datin Ooi Swee Lian	67,167	-	1,000	-	-	-	68,167
Fong Kit Chiu	67,167	-	1,000	-	-	-	68,167
Ir. Viyasan K Krishnan	61,000	-	1,000	-	-	-	62,000
Executive							
Wong Voon Ten	-	-	-	-	-	-	-
Wong Nyeon Thiat	-	-	-	-	-	-	-
Wong Voon Yoong	-	-	-	-	-	-	-
Wong Voon Shek	-	-	-	-	-	-	-
Lee Cheng Ngee	-	-	-	-	-	-	-
Received/receivable from the Company	351,251	-	5,000	-	-	-	356,251

Corporate Governance Overview Statement

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

III. Remuneration Committee ("RC") (Cont'd)

(b) Subsidiaries

Name of Directors	Fees (RM)	Salary (RM)	Allowances (RM)	Bonus (RM)	Other Emolument # (RM)	Benefits-in-kind (RM)	Total (RM)
Executive							
Wong Voon Ten	-	552,000	-	103,500	27,113	36,721	719,334
Wong Nyeon Thiat	-	552,000	-	103,500	27,113	11,304	693,917
Wong Voon Yoong	-	552,000	-	103,500	27,113	22,450	705,063
Wong Voon Shek	-	552,000	120,000	103,500	94,855	11,238	881,593
Lee Cheng Ngee	-	552,000	-	103,500	27,113	23,725	706,338
Received/receivable from the subsidiaries	-	2,760,000	120,000	517,500	203,307	105,438	3,706,245
Total Group Remuneration	351,251	2,760,000	125,000	517,500	203,307	105,438	4,062,496

Note:

Other emoluments include the Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System (EIS)

The remuneration of the top 9 Key Senior Management of our Group is as follows:

Range of Remuneration	No. of Key Senior Management
RM250,001 to RM300,000	2
RM300,001 to RM350,000	2
RM350,001 to RM400,000	2
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1
RM500,001 to RM550,000	1

The MCGG recommends that our Company should disclose on a named basis, the detailed remuneration of the top 3 Key Senior Management. Our Board opts not to disclose the top 3 Key Senior Management's remuneration components on a named basis and instead, in bands of RM50,000 as it is imperative for our Company to maintain the privacy and confidentiality of its employees' remuneration. It is also commercially disadvantageous to reveal the remuneration of the Key Senior Management in this competitive environment.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee ("ARMC")

The ARMC wholly comprises 4 Independent Directors. The ARMC is chaired by an Independent Director, Mr. Fong Kit Chiu, who is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountant, which is in compliance with Rule 15.09(1)(c) of the ACE LR of Bursa Securities.

The composition of ARMC is reviewed by the NC and recommended to our Board for its approval annually. With the view to maintain an independent and effective ARMC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possess the appropriate level of expertise and experience, and has strong understanding of our Group's business would be considered for membership in ARMC.

Corporate Governance Overview Statement

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

I. Audit and Risk Management Committee ("ARMC") (Cont'd)

The roles and responsibilities of the ARMC are spelt out in the Terms of Reference of the ARMC, a copy of which is available on our Company's website at www.pmi-group.com.

II. Risk Management and Internal Control Framework

The Board as a whole are responsible for risk management through the oversight of the ARMC while the Executive Directors together with the senior management team are primarily responsible for managing risks and implementing internal controls in the Group.

Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 92 to 95 of the Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy of the existing level of systems of risk management and internal control.

The Internal Audit Function is carried out by Resolve IR Sdn Bhd ("Resolve IR") an outsourced internal audit consulting firm. The internal audit function is headed by a director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant and a member of the Institute of Internal Auditors Malaysia while the rest of the team members are accounting graduates. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the engagement between the Group and Resolve IR to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

III. Communication with Stakeholders

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:

- i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on the ARMC and Board of Directors;
- ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;
- iii. the Company website at www.pmi-group.com
- iv. engages with research analysts, fund managers, shareholders and media to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general, performance and major developments; and
- v. participation in surveys and research conducted by professional organisations as and when such requests arise.

Shareholders and investors are also encouraged to interact and provide feedback to the Chairperson for opinions or concerns. Separately, the Company has also reported its Sustainability Statement on page 38 to 78 of this Annual Report covering the aspects of governance, environment and social responsibility for stakeholders' reference.

Corporate Governance Overview Statement

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

IV. Conduct of General Meetings

The Annual General Meeting serves as an important means for shareholders communication. Notice of the Annual General Meeting together with the Annual Reports are sent to shareholders 28 days prior to the meeting in line with the best practices as recommended by the MCCG and in accordance with the Company's Constitution and the provision in the Companies Act 2016.

At each Annual General Meeting, the Board presents the progress and performance of the Group's business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.31A(1) of the ACE LR and Clause 71 of the Company's Constitution, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM. The outcome of the AGM will be announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM will be posted on the Company website.

The statement is made in accordance with a resolution of the Board dated 22 April 2026.

Audit and Risk Management Committee Report

The Board of Directors ("the Board") of Pan Merchant Berhad ("Pan Merchant" or "the Company") is pleased to present the Audit and Risk Management Committee ("ARMC" or "the Committee") Report for the financial year ended 31 December 2025, in compliance with Rule 15.15 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC assists the Board in discharging its oversight responsibilities in relation to financial reporting, internal control systems, risk management framework and audit processes. In fulfilling its fiduciary duties, the ARMC provides independent and objective oversight on the effectiveness of the Group's governance, risk management and internal control systems, as well as maintaining an appropriate relationship with both the internal and external auditors.

COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors of the Company:-

Name	Designation	Directorship
Fong Kit Chiu	Chairperson	Independent Non-Executive Director
Datuk Seri Nurmala binti Abd Rahim	Member	Senior Independent Non-Executive Director
Datin Ooi Swee Lian	Member	Independent Non-Executive Director
Ir. Viyasan K Krishnan	Member	Independent Non-Executive Director

The Company complies with Rule 15.09 of the ACE Market Listing Requirements of Bursa Securities as well as Practices 9.1 and 9.4 under the Malaysian Code of Corporate Governance.

The Chairperson of ARMC, Mr Fong Kit Chiu, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. In this respect, the composition of ARMC complies with Rule 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The authorities and duties of the ARMC are governed by the Terms of Reference of the ARMC. The Terms of Reference of the ARMC is available on the Company's website at <https://www.pmi-group.com/>

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2025 ("FY 2025"), the ARMC held a total of 3 meetings. The attendance of each member is as follows:

Name	Attendance
Fong Kit Chiu	3/3
Datuk Seri Nurmala binti Abd Rahim	3/3
Datin Ooi Swee Lian	3/3
Ir. Viyasan K Krishnan	3/3

During FY 2025, the representatives from the Sponsor, the External Auditors and Internal Auditors, Executive Directors, and Chief Financial Officer were invited to attend the ARMC meetings to provide clarification and input on matters for the deliberation by the ARMC. These representatives were also invited to facilitate direct communication on matters, which would be brought to the attention of the ARMC.

The Chairperson of the ARMC reported on key issues and matters discussed at the ARMC meeting as well as the ARMC's recommendations, to the Board for consideration after the ARMC meetings. All deliberations during the ARMC meetings were minuted by the Company Secretary.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES OF THE ARMC

The following activities were carried out during the financial year under review:-

1. Financial Reporting
 - Reviewed the unaudited quarterly and annual financial statements prior to submission to the Board;
 - Assessed compliance with applicable accounting standards and regulatory requirements;
 - Reviewed significant accounting policies, judgments and estimates;
 - Considered significant matters, including key audit matters and unusual transactions.
2. External Audit
 - Reviewed the external auditors' audit plan, scope and strategy.
 - Assessed the independence, objectivity and performance of the external auditors.
 - Reviewed and discussed on issues or audit findings raised by external auditors and Management's responses to the same.
 - Met with the external auditors in the absence of Executive Board members and Management at least once a year to facilitate open and honest discussions in relation to financial reporting and auditing process.
 - Recommended the re-appointment of external auditors and audit fees to the Board.
3. Internal Audit
 - Reviewed and approved the internal audit plan to ensure adequate coverage of key risk areas.
 - Reviewed internal audit reports, findings and recommendations.
 - Monitored Management's implementation of corrective actions to address any significant issues identified by internal auditors.
 - Assessed the adequacy of the scope, functions, competency, effectiveness and independence of the internal audit functions.
4. Risk Management and Internal Control
 - Maintained oversight of the Group's internal control systems during the financial year under review;
 - Acknowledged the Enterprise Risk Management framework was established and assessed during the pre-listing phase and continues to support the Group's risk management practices; and
 - Reviewed the Statement on Risk Management and Internal Control prior to recommending it to the Board for approval.
5. Related Party Transactions and Conflict of Interest
 - Reviewed related party transactions and recurrent related party transactions to ensure they were conducted at arm's length and on normal commercial terms;
 - Reviewed any conflict of interest ("COI") or potential COI situations arising within the Group.

INTERNAL AUDIT FUNCTION

The internal audit function plays an important role in assisting the Board, through the ARMC, in providing independent assurance on the adequacy and effectiveness of the Group's governance, risk management and internal control systems.

The Group's internal audit function is outsourced to Resolve IR Sdn. Bhd., an independent external service provider. The internal auditors report directly to the ARMC and are independent of Management, thereby ensuring objectivity and impartiality in the execution of their duties.

The internal audit function adopts a risk-based audit approach in formulating its annual audit plan, which is reviewed and approved by the ARMC to ensure adequate coverage of key risk areas within the Group.

During the financial year, internal audit engagements were carried out in accordance with the approved audit plan. The scope of the internal audit reviews included the evaluation of key operational, financial and compliance controls, as well as the effectiveness of risk management processes.

Internal audit findings and recommendations were presented to the ARMC, and Management was responsible for implementing corrective actions within agreed timelines. Follow-up reviews were conducted to ensure that the agreed corrective actions were effectively implemented.

The ARMC also reviewed the adequacy of the scope, resources and competency of the internal audit function to ensure that it remains effective in discharging its responsibilities.

For the financial year ended 31 December 2025, the total cost incurred for the internal audit function was RM28,000.

Audit and Risk Management Committee Report

Relationship with Auditors

The ARMC maintains a formal and transparent relationship with both the external and internal auditors. The auditors have direct access to the ARMC and are able to communicate freely on matters relating to their audits.

The ARMC meets with the auditors without the presence of Management, where necessary, to ensure independence, objectivity and professionalism.

Evaluation of Auditors

The ARMC has established policies and procedures to assess the suitability, objectivity and independence of the external and internal auditors.

Based on the assessment conducted, the ARMC is satisfied with the performance, independence and effectiveness of the auditors for the financial year under review.

Conflict of Interest

During the financial year under review, there were no conflict of interest or potential conflict of interest situations (excluding related party transactions) which were reviewed by the ARMC.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors (“the Board”) of Pan Merchant Berhad and its subsidiaries (“the Group”) is pleased to present this Statement on Risk Management and Internal Control (“SORMIC”) for the financial year ended 31 December 2025.

This statement has been prepared in compliance with Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and is guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.

The Statement applies to the Group as a whole and reflects the Board’s ongoing review of the adequacy and effectiveness of the Group’s risk management and internal control systems.

It outlines the key features of these systems and the processes undertaken by the Board.

BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing its adequacy and effectiveness on an ongoing basis. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group’s business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

For the purpose of this Statement, “Management” refers to the Managing Director, Executive Directors, Chief Financial Officer and key senior management personnel who are responsible for the day-to-day management of the Group’s operations, including the identification, assessment, management and monitoring of risks, as well as the implementation and maintenance of internal control systems.

The Board has established a structured risk management and internal control framework to oversee the Group’s operations. In this regard, the Board determines the Group’s risk appetite and tolerance levels to guide decision making. These parameters are periodically reviewed and communicated to Management to ensure alignment with the Group’s strategic objectives, and to ensure that appropriate processes are in place to identify, assess and monitor key risks faced by the Group.

The Board is supported by the Audit and Risk Management Committee (“ARMC”), which operates under clearly defined Terms of Reference and assists the Board in reviewing the adequacy and effectiveness of the Group’s risk management framework and internal control systems.

The Board relies on multiple sources of assurance, including reports from Management, internal audit reviews, external audit findings, and updates from the ARMC, to assess the adequacy and effectiveness of the Group’s risk management and internal control systems.

The Board is committed to maintaining a robust internal control system and ensures that Management implements appropriate policies, procedures and controls to manage risks within acceptable levels. The Board provides oversight through periodic reviews of reports and updates presented to the ARMC.

The Group promotes a strong control environment supported by ethical values, integrity and a commitment to competence.

The Board, through the ARMC, reviews the Group’s risk profile, key risk areas and the effectiveness of the internal control system on a regular basis. This includes reviewing the adequacy of mitigation measures and ensuring that appropriate actions are taken to address identified control weaknesses.

The adequacy and effectiveness of the Group’s internal control system are reviewed periodically through internal audit reviews, which adopt a risk-based approach. The internal audit function provides independent assurance to the ARMC and the Board with follow up reviews are conducted to ensure that agreed corrective actions have been implemented.

RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management (“ERM”) framework to identify, assess, manage and monitor risks across its operations. The ERM framework is aligned with recognised standards, including the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Enterprise Risk Management Framework and ISO 31000:2018 Risk Management Guidelines.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (CONT'D)

Risk management is embedded within the Group's organisational culture, business processes, and decision-making activities, and is communicated across all levels of the organisation. Management is responsible for managing risks within their respective areas of responsibility.

The key features of the Group's ERM framework include:

- Identification of risks across strategic, operational, financial and compliance areas;
- Assessment of risks based on likelihood and impact;
- Implementation of appropriate risk mitigation measures and internal controls;
- Maintenance of a risk register with assigned risk owners; and
- Continuous monitoring and reporting of key risks to Management and the ARMC.

Risk identification and assessment are carried out in a structured and systematic manner, with periodic reviews undertaken to identify emerging risks and reassess existing risks in response to changes in the business environment.

Management provides regular and timely reporting of key risks, control issues and mitigation actions to the ARMC and the Board to support effective oversight.

The Board, through the ARMC, oversees the Group's ERM framework and monitors the Group's risk profile against its defined risk appetite and ensures that appropriate actions are taken where risks exceed acceptable levels.

The effectiveness of the Group's risk management processes is monitored through ongoing management reviews, internal audit assessments and structured reporting to the ARMC. Management assesses risk trends and control effectiveness through analysis of operational performance, financial results and key risk exposures, and reports these to the ARMC and the Board.

SUSTAINABILITY AND EMERGING RISKS

The Group recognises the importance of environmental, social and governance ("ESG") factors in sustaining long-term business performance. The Group has established a Sustainability Framework in alignment with Bursa Malaysia's Sustainability Reporting Guide to guide its sustainability initiatives and ensure that ESG considerations are embedded in its business strategies and operations.

Appropriate processes and controls are in place to support the preparation of sustainability-related information, including internal reviews and Management oversight to enhance the reliability of such disclosures.

The Group continuously consider and monitor emerging risks arising from external developments, including geopolitical, economic and environmental factors, and assesses their potential impact on its operations and business strategies. Where relevant, Management evaluates risk scenarios and implements appropriate mitigation measures.

INTERNAL CONTROL SYSTEM

The Group's system of internal control comprises policies, procedures and organisational structures designed to provide reasonable assurance that operations are conducted effectively and efficiently, financial reporting is reliable, assets are safeguarded, and applicable laws and regulations are complied with.

The internal control system is guided by the COSO Internal Control – Integrated Framework. The system covers financial, operational and compliance controls and is embedded within the Group's day-to-day business processes.

Key elements of the Group's internal control system include:

- **Organisational structure and authority limits**
Clearly defined organisational structure with appropriate levels of responsibility and accountability, supported by delegated authority limits to ensure proper approval and control over key business transactions.
- **Policies and procedures**
Documented policies and standard operating procedures governing key business processes, including financial management, procurement, and operational activities.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (CONT'D)

Key elements of the Group's internal control system include (Cont'd):

- **Segregation of duties**
Segregation of duties within key processes to reduce the risk of error, fraud or inappropriate actions.
- **Financial reporting and monitoring**
Timely preparation and reporting of financial and operational information to facilitate effective monitoring of the Group's performance and decision-making.
- **Information systems and controls**
Use of established information systems to support business operations, with appropriate access controls and system-based checks to enhance the integrity and reliability of data.
- **Compliance and governance practices**
Processes to ensure compliance with applicable laws, regulations and internal policies.

The Group maintains effective information and communication processes to ensure that relevant risk management and internal control information is disseminated in a timely manner.

The design and implementation of internal controls take into consideration the nature and level of risks, as well as the cost and benefits considerations, to ensure that they remain proportionate and effective.

The Board, through the ARMC, reviews the adequacy and effectiveness of the Group's internal control system on a periodic basis and ensures that appropriate actions are taken to address identified control weaknesses.

INTERNAL AUDIT FUNCTION

The Board recognises the importance of an effective internal audit function in providing assurance on the adequacy and effectiveness of the Group's risk management and internal control systems.

During the financial year ended 31 December 2025, the Group outsourced its internal audit function to Resolve IR Sdn. Bhd., an independent external service provider. The internal auditors report directly to the ARMC and operate independently of Management. The primary objective is to provide independent assurance to the ARMC and the Board on the adequacy and effectiveness of the Group's governance, risk management and internal control systems, as well as to recommend improvements where necessary.

The internal audit function adopts a risk-based audit approach and carries out audits in accordance with an approved annual audit plan. Internal audit findings and recommendations are presented to the ARMC, and Management is responsible for implementing corrective actions within agreed timelines. Follow-up reviews are conducted to ensure that agreed actions have been effectively implemented.

The ARMC oversees the internal audit function, including reviewing and approving the internal audit plan, assessing the adequacy of the scope, resources and competency, and evaluating Management's responses to audit findings and recommendations.

The internal audit function forms part of the Group's three-lines-of-defence model by providing independent assurance on the adequacy and effectiveness of governance, risk management and internal control systems.

The Board, through the ARMC, considers the results of internal audit reviews as part of its ongoing assessment of the adequacy and effectiveness of the Group's risk management and internal control systems.

Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 89 to 91 of this Annual Report.

For the financial year ended 31 December 2025, the total fees incurred for the internal audit function was RM28,000.

Statement on Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report.

The review was conducted in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that would cause them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure requirements of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*, nor is the Statement inconsistent with their understanding of the processes adopted by the Board and Management.

CONCLUSION

The Board is of the view that the Group's risk management and internal control systems are adequate and effective to safeguard shareholders' investments and the Group's assets for the financial year under review and up to the date of approval of this Statement.

The Board confirms that there were no material losses incurred during the financial year as a result of significant weaknesses in the Group's internal control system. Where control weaknesses were identified, appropriate remedial actions have been taken or are in progress, and these are monitored by the ARMC to ensure timely resolution.

The Board has received assurance from the Managing Director, Executive Directors and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects.

Recognising that risk management and internal control is an ongoing process, the Board remains committed to continuously reviewing and enhancing the Group's systems to ensure their relevance and effectiveness in supporting the Group's business objectives.

The Board confirms that the Group's risk management and internal control processes were in place for the financial year under review and up to the date of approval of this Statement.

This Statement has been reviewed by the ARMC and approved by the Board on 22 April 2026.

Statement on Directors' Responsibility

The Board of Directors ("Board") of Pan Merchant Berhad is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia ("the Act") and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR").

In preparing the financial statements for the financial year ended 31 December 2025, the Board has:-

- adopted appropriate accounting policies and applied them consistently;
- ensured all applicable accounting standards have been complied with;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Board is responsible to ensure that the Group and the Company keep proper accounting records, enabling the financial position of the Group and of the Company to be disclosed with reasonable accuracy as well as enabling them to ensure that the financial statements comply with the MFRS Accounting Standards, IFRS Accounting Standards, the Act and the AMLR.

The Board is also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 22 April 2026.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”)

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 26 June 2025, the Company issued 232,187,900 new ordinary shares (“Issue Shares”) at an issue price of RM0.27 per share, raising a total gross proceed of approximately RM62.69 million (“IPO Proceeds”)

Pursuant thereto, the Company was admitted to the Official List of Bursa Securities and the Company's enlarged issued share capital of 916,000,000 shares were listed and quoted on the ACE Market of Bursa Securities on 26 June 2025.

The utilisation of proceeds from the IPO Proceeds of RM62.69 million are as follow:-

	Estimated timeframe for utilisation from date of listing	Propose utilisation		Amount utilised as at 31 December 2025	Balance unutilised
		RM'000	%	RM'000	RM'000
Capital expenditure on manufacturing plants:					
(i) Acquisition of machinery, equipment and tools	Within 36 months	20,000	31.90	(151)	19,849
(ii) Renovation of manufacturing plants	Within 36 months	8,000	12.76	-	8,000
		28,000	44.66	(151)	27,849
Product development	Within 24 months	7,000	11.17	-	7,000
Business expansion	Within 24 months	6,000	9.57	(202)	5,798
Working capital	Within 12 months	14,691	23.43	(6,000)	8,691
Estimated listing expenses	Within 1 month	7,000	11.17	(5,713)	1,287 ⁽²⁾
Total		62,691	100.00	(12,066)	50,625

Notes:

⁽¹⁾ The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 6 June 2025.

⁽²⁾ The actual amount utilised for listing expenses are final and lower than the estimated amount as at the date of this report. The excess will be used for working capital purposes.

2. AUDIT AND NON-AUDIT FEES

A breakdown of fees for statutory audit and non-audit services payable to the External Auditors for services rendered by them to the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2025 are as follows:

	The Group RM'000	The Company RM'000
Audit fees	256	20
Non-audit fees	5	5
	<u>261</u>	<u>25</u>

Additional Compliance Information

3. MATERIAL CONTRACTS

There were no material contracts entered by the Group which involved Directors' or major shareholders' interests during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPTs")

The details of the Shareholders' Mandate for the RRPT are set out in the Circular to Shareholders dated 30 April 2026 which is available on Bursa Securities' website and the Company's website. The details of the transactions with related parties undertaken by the Group during the financial year ended 31 December 2025 are disclosed in Note 34 of the audited financial statements for the financial year ended 31 December 2025.

5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

(a) Group Total Income and Total Assets

	The Group	
	2025 RM'000	2024 RM'000
Total income		
Revenue	126,037	141,541
Interest income	1,200	280
Other income	1,320	341
Total	<u>128,557</u>	<u>142,162</u>
Total Assets	<u>179,757</u>	<u>143,392</u>

(b) Business Activities

		The Group	
		2025 RM'000	2024 RM'000
Shariah Non-Compliant Activities	Remarks		
Interest income	Conventional	<u>788</u>	<u>280</u>

Additional Compliance Information

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

(c) Component of Financial Position

(i) Cash Component

	The Group	
	2025 RM'000	2024 RM'000
Islamic Account/Instruments		
Short-term funds	15,347	-
Total Cash	15,347	-
Conventional Account/Instruments		
Short-term funds	5,013	-
Deposits with licensed banks	30,718	11,070
Cash at banks (exclude cash in hand)	23,794	13,762
Total Cash	59,525	24,832

(ii) Debt Component

	The Group	
	2025 RM'000	2024 RM'000
Islamic Financing	-	-
Conventional Borrowing		
Current		
Bank overdrafts	873	397
Banker's acceptances	10,475	29,775
Invoice financing	1,200	-
Hire purchase payables	1,087	1,155
Term loans	-	86
Non-Current		
Hire purchase payables	1,962	2,879
Total	15,597	34,292

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in the "Subsidiaries" section of this report.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year	5,252	(3,672)
Attributable to:-		
Owners of the Company	4,968	(3,672)
Non-controlling interests	284	-
	5,252	(3,672)

DIVIDENDS

On 25 March 2026, the Company declared an interim dividend of 0.20 sen per ordinary share amounting to RM1,832,000 in respect of the current financial year, payable on 30 April 2026, to shareholders whose names appeared in the record of depositors on 10 April 2026. The financial statements for the current financial year do not reflect this interim dividend. Such a dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) the Company increased its issued and paid-up share capital from RM10 to RM129,327,000 by way of:-
- issuance of 683,812,000 new ordinary shares of RM0.10 each for purchase consideration of the acquisition of PMI-Technology Sdn. Bhd.; and
 - issuance of 232,188,000 new ordinary shares at an issue price of RM0.27 each, pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,745,000 were offset against share capital of the Company.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Directors' Report

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Wong Voon Ten
Wong Nyeon Thiat
Datin Ooi Swee Lian
Datuk Seri Nurmala Binti Abd. Rahim
Datuk Tan Leh Kiah
Fong Kit Chiu
Lee Cheng Ngee
Viyasan K Krishnan
Wong Voon Shek
Wong Voon Yoong

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lee Han Jun
Lupé, Marcel Nicolaas
Ryan Christopher Boyd
Veldkamp, Rick Sebastiaan
Vreeman, Jasper Johannes

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Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	< ----- Number of Ordinary Shares ----- >			
	At 1.1.2025	Bought	Sold	At 31.12.2025
The Company				
<i>Direct Interests</i>				
Wong Voon Ten	-	136,762,420	-	136,762,420
Wong Nyeon Thiat	-	51,285,908	-	51,285,908
Datin Ooi Swee Lian	-	100,000	-	100,000
Datuk Tan Leh Kiah	-	1,006,700	-	1,006,700
Fong Kit Chiu	-	100,000	-	100,000
Lee Cheng Ngee	-	136,762,420	-	136,762,420
Viyasan K Krishnan	-	150,000	-	150,000
Wong Voon Shek	-	85,476,512	-	85,476,512
Wong Voon Yoong	-	136,762,420	-	136,762,420
<i>Indirect Interests</i>				
Wong Nyeon Thiat*	-	137,262,420	-	137,262,420
Lee Cheng Ngee*	-	51,785,908	-	51,785,908
Wong Voon Yoong*	-	2,162,500	-	2,162,500

* Deemed interested through his/her spouse's and children's shareholding in the Company.

By virtue of their shareholdings in the Company, certain directors are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	From the Company RM'000	From the Subsidiary RM'000	Total RM'000
Fees	356	-	356
Salaries, bonuses and other benefits	-	3,403	3,403
Contribution to defined contribution benefits	-	198	198
Estimated money value of benefits-in-kind	-	105	105
	<u>356</u>	<u>3,706</u>	<u>4,062</u>

INDEMNITY AND INSURANCE COST

No indemnities were given to, nor insurance effected for the directors, officers or auditors of the Company.

Directors' Report

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2025 %	2024 %	
<i>Subsidiary of the Company</i>				
PMI-Technology Sdn. Bhd.	Malaysia	100	-	Solutions provider of solid liquid filtration equipment, fabrication of steelworks and technical support services
<i>Subsidiaries of PMI-Technology Sdn. Bhd.</i>				
PMI Holding B.V.	Netherlands	100	100	Investment holding
PMI-Technology (SG) Pte Ltd	Singapore	100	100	Trading of filtration equipment
<i>Subsidiary of PMI Holding B.V.</i>				
PMI-Tech Holding B.V.	Netherlands	60.1	60.1	Investment holding
<i>Subsidiaries of PMI-Tech Holding B.V.</i>				
PMI-Tech (Europe) B.V.	Netherlands	100	100	Solutions provider of solid liquid filtration equipment, and technical support services
PMI-Tech (USA) B.V.	Netherlands	100	100	Trading of filtration equipment
<i>Subsidiary of PMI-Tech (USA) B.V.</i>				
PMI-Tech NA, Inc.	United States	70	70	Trading of filtration equipment and technical support

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) In conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook an internal reorganisation to acquire the entire issued share capital of PMI-Technology Sdn. Bhd.

On 2 May 2025, the Company completed the acquisition of the entire issued and paid-up share capital of PMI-Technology Sdn. Bhd. for a total purchase consideration of RM68,381,000 by issuance of 683,812,000 new ordinary shares. In subsequent thereof, PMI-Technology Sdn. Bhd. became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

- (b) On 26 June 2025, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad with the public issue of 232,188,000 new ordinary shares at a price of RM0.27 each.

Directors' Report

SIGNIFICANT EVENT OCCURRING AFTER THE FINANCIAL YEAR

On 25 March 2026, the Company declared an interim dividend of 0.20 sen per ordinary share amounting to RM1,832,000 in respect of the current financial year, payable on 30 April 2026, to shareholders whose names appeared in the record of depositors on 10 April 2026. The financial statements for the current financial year do not reflect this interim dividend. Such a dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	256	20
Non-audit fees	5	5
	<hr/>	<hr/>
	261	25

Signed in accordance with a resolution of the directors dated 22 April 2026.

Wong Voon Ten

Wong Nyeon Thiat

Statement By Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Wong Voon Ten and Wong Nyeon Thiat, being two of the directors of Pan Merchant Berhad, state that, in the opinion of the directors, the financial statements set out on pages 112 to 184 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 22 April 2026.

Wong Voon Ten

Wong Nyeon Thiat

Statutory Declaration

Pursuant to Section 251(1)(B) of the Companies Act 2016

I, Tan Bee Hoi, MIA Membership Number: 52823, being the officer primarily responsible for the financial management of Pan Merchant Berhad, do solemnly and sincerely declare that the financial statements set out on pages 112 to 184 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Bee Hoi, NRIC Number: 860204-56-6330
at Kuala Lumpur
in the Federal Territory
on this

Tan Bee Hoi

Before me

Muhammad Faiz Dharmendra Bin Abdullah
Commissioner for Oaths
No. W737

Independent Auditors' Report

To the Members of Pan Merchant Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pan Merchant Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and Notes to the Financial Statements, including material accounting policy information, as set out on pages 112 to 184.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting 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 opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report

To the Members of Pan Merchant Berhad

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition – Contracts with customers</p> <p>Refer to Note 26 to the financial statements, the Group's revenue from contracts with customers contributed 54% of the Group's revenue.</p> <p>The Group recognises contracts with customers revenue in the statements of profit or loss and other comprehensive income by using the input method. The input method is measured by reference the contract progress, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs.</p> <p>We focused on this area as it involved significant estimates and judgements in the following areas:</p> <ul style="list-style-type: none">• Determination of stage of completion; and• Extent of contract costs to complete the contract and accordingly the estimation of total budgeted costs.	<p>We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• Tested costs incurred during the year to supporting documentation such as suppliers' invoices and relevant supporting documents;• Tested the estimated costs to complete by agreeing key forecasts costs assumptions to documents such as approved purchase orders, suppliers' invoices and other relevant supporting documents;• Recomputed the stage of completion and checked the revenue recognised with reference to the computation of the stage of completion of the contracts; and• Agreed contract value to signed purchase orders, order confirmations and approved variation orders.
<p>Valuation of inventories</p> <p>Refer to Note 8 to the financial statements, the carrying amount of inventories held by the Group is approximately RM20.86 million.</p> <p>We focused on this area as the assessment of net realisable value is an area of significant judgement particularly in relation to the estimation of allowances for obsolete and slow-moving inventories.</p>	<p>We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• Reviewed the costing of inventory;• Reviewed the net realisable value of inventories; and• Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.
<p>Recoverability of trade receivable and contract assets</p> <p>Refer to the Notes 9 and 11 to the financial statements, the trade receivables and contract assets of the Group amounted to approximately RM14.32 million and RM16.38 million respectively.</p> <p>We focused on this area as the assessment of impairment losses on trade receivables and contract assets involve significant judgement, particularly in estimating the required allowance based on customers' payment history, credit losses, and default experience.</p>	<p>We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• Reviewed the ageing analysis of trade receivables and tested its reliability;• Reviewed subsequent cash collections for major trade receivables and overdue amounts;• Evaluated the reasonableness and adequacy of the allowance for impairment loss recognised for identified exposures;• Tested the adequacy of the Group's impairment of trade receivables by assessing the relevant assumptions and historical data from the Group's previous collection experience; and• Engaged with management and reviewed the contracts progress up to date to ascertain if the projects have any potential delays in delivery which may affect the recoverability of the contract assets.

There are no key audit matters to report for the Company.

Independent Auditors' Report

To the Members of Pan Merchant Berhad

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting 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.

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 skepticism 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.

Independent Auditors' Report

To the Members of Pan Merchant Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Other 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.

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Kuala Lumpur

Ho Yen Ling

03378/06/2026 J

Chartered Accountant

Statements of Financial Position

As at 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	68,381	-
Property, plant and equipment	6	23,591	24,786	9	12
Right-of-use assets	7	24,193	25,365	-	-
Goodwill		815	815	-	-
		48,599	50,966	68,390	12
CURRENT ASSETS					
Inventories	8	20,864	18,035	-	-
Trade receivables	9	14,319	30,826	-	-
Other receivables, deposits and prepayments	10	3,076	2,552	583	3
Contract assets	11	16,377	15,671	-	-
Amount owing by a subsidiary	12	-	-	6,129	-
Amount owing by a related party	13	2	156	-	-
Short-term investments	14	20,360	-	20,360	-
Current tax assets		1,291	-	-	-
Fixed deposits with licensed banks	15	30,718	11,070	20,093	-
Cash and bank balances		23,812	13,777	10,179	#
		130,819	92,087	57,344	3
Non-current assets held for sale	16	339	339	-	-
TOTAL ASSETS		179,757	143,392	125,734	15
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	129,327	#	129,327	#
Invested equity	18	-	14,200	-	-
Reserves	19	7,079	56,113	(3,767)	(95)
Equity attributable to owners of the Company		136,406	70,313	125,560	(95)
Non-controlling interests		1,347	1,763	-	-
TOTAL EQUITY		137,753	72,076	125,560	(95)
NON-CURRENT LIABILITIES					
Lease liabilities	20	731	1,120	-	-
Borrowings	21	1,962	2,879	-	-
Deferred tax liabilities	22	2,624	3,743	-	-
		5,317	7,742	-	-

Statements of Financial Position

As at 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CURRENT LIABILITIES					
Trade payables	23	12,482	13,261	-	-
Contract liabilities	11	1,329	8,063	-	-
Other payables and accruals	24	6,734	9,456	123	5
Amount owing to related parties	13	670	255	-	105
Lease liabilities	20	331	324	-	-
Borrowings	21	13,635	31,413	-	-
Current tax liabilities		1,506	802	51	-
		36,687	63,574	174	110
TOTAL LIABILITIES		42,004	71,316	174	110
TOTAL EQUITY AND LIABILITIES		179,757	143,392	125,734	15

Note:

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
REVENUE	26	126,037	141,541	-	-
COST OF SALES		(82,560)	(91,305)	-	-
GROSS PROFIT		43,477	50,236	-	-
OTHER INCOME		2,520	621	901	-
		45,997	50,857	901	-
ADMINISTRATIVE EXPENSES		(32,250)	(30,889)	(590)	(86)
OTHER EXPENSES		(5,767)	(6,248)	(3,876)	(9)
FINANCE COSTS		(1,137)	(1,898)	-	-
NET REVERSAL OF IMPAIRMENT LOSSES/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	27	126	(213)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	6,969	11,609	(3,565)	(95)
INCOME TAX EXPENSE	29	(1,717)	(3,606)	(107)	-
PROFIT/(LOSS) AFTER TAXATION		5,252	8,003	(3,672)	(95)

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
PROFIT/(LOSS) AFTER TAXATION (CONT'D)		5,252	8,003	(3,672)	(95)
OTHER COMPREHENSIVE INCOME/(EXPENSE)	30				
<i>Items that Will be Reclassified subsequently to Profit or Loss</i>					
Foreign currency translation difference		334	(357)	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		5,586	7,646	(3,672)	(95)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		4,968	7,678	(3,672)	(95)
Non-controlling interests		284	325	-	-
		5,252	8,003	(3,672)	(95)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		5,242	7,335	(3,672)	(95)
Non-controlling interests		344	311	-	-
		5,586	7,646	(3,672)	(95)
EARNINGS PER SHARE (SEN)	31				
Basic		0.62	1.12		
Diluted		0.62	1.12		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

The Group	Note	< ----- Non-distributable ----- >				Distributable		Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Invested Equity RM'000	Revaluation Reserve RM'000	Reorganisation Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000			
Balance at 1.1.2024		-	14,200	10,597	-	126	38,055	62,978	1,452	64,430
Profit after taxation for the financial year		-	-	-	-	-	7,678	7,678	325	8,003
Incorporation of the Company		#	-	-	-	-	-	#	-	#
Other comprehensive expense for the financial year:		-	-	-	-	-	-	-	-	-
- foreign currency translation differences	30	-	-	-	-	(343)	-	(343)	(14)	(357)
Total comprehensive (expense)/income for the financial year		#	-	-	-	(343)	7,678	7,335	311	7,646
Balance at 31.12.2024		#	14,200	10,597	-	(217)	45,733	70,313	1,763	72,076

Note:

- Amount less than RM1,000.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

The Group	Note	Share Capital		Non-distributable		Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity
		RM'000	RM'000	Revaluation Reserve	Reorganisation Deficit	Foreign Exchange Translation Reserve	Retained Profits	RM'000	RM'000		
Balance at 1.1.2025	#	14,200	10,597	-	-	(217)	45,733	70,313	1,763	72,076	
Profit after taxation for the financial year		-	-	-	-	-	4,968	4,968	284	5,252	
Other comprehensive income for the financial year:											
- foreign currency translation differences	30	-	-	-	-	274	-	274	60	334	
Total comprehensive income for the financial year		-	-	-	-	274	4,968	5,242	344	5,586	
Balance carried forward	#	14,200	10,597	-	-	57	50,701	75,555	2,107	77,662	

Note:

- Amount less than RM1,000.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

The Group	Note	Share Capital RM'000	Invested Equity RM'000	Revaluation Reserve RM'000	Reorganisation Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Distributable			Non-controlling Interests RM'000	Total Equity RM'000
							Retained Profits RM'000	Attributable to Owners of the Company RM'000			
Balance brought forward	#	14,200	10,597	-	57	50,701	75,555	2,107	77,662		
Contribution by and distributions to owners of the Company:-											
Effect of group reorganisation exercise	18	-	(14,200)	-	(54,181)	-	(68,476)	-	(68,476)		
Issuance of shares for acquisition of a subsidiary	17	68,381	-	-	-	-	68,381	-	68,381		
Issuance of shares pursuant to public issue	17	62,691	-	-	-	-	62,691	-	62,691		
Share issuance expenses pursuant to public issue	17	(1,745)	-	-	-	-	(1,745)	-	(1,745)		
Dividends by the subsidiary to non-controlling interests		-	-	-	-	-	-	(760)	(760)		
Total contributions by and distributions to owners		129,327	(14,200)	-	(54,181)	-	60,851	(760)	60,991		
Balance at 31.12.2025		129,327	-	10,597	(54,181)	57	50,606	1,347	137,753		

Note:

- Amount less than RM1,000.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

The Company	Note	Share Capital RM'000	Accumulated Loss RM'000	Total Equity RM'000
Balance at 18.3.2024 (Date of incorporation)		#	-	#
Loss after taxation/Total comprehensive expenses for the financial period		-	(95)	(95)
Balance at 31.12.2024/1.1.2025		#	(95)	(95)
Loss after taxation/Total comprehensive expenses for the financial year		-	(3,672)	(3,672)
Issuance of shares for acquisition of a subsidiary	17	68,381	-	68,381
Issuance of shares pursuant to public issue	17	62,691	-	62,691
Share issuance expenses for public issue	17	(1,745)	-	(1,745)
Total contributions by and distributions to owners		129,327	-	129,327
Balance at 31.12.2025		129,327	(3,767)	125,560

Note:

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		6,969	11,609	(3,565)	(95)
Adjustments for:-					
Depreciation:					
- property, plant and equipment		2,449	2,208	3	#
- rights-of-use assets		1,116	1,114	-	-
Interest expense on lease liabilities		93	118	-	-
Interest expense		944	1,724	-	-
Net (reversal)/impairment losses of trade receivables		(126)	213	-	-
Property, plant and equipment written off		4	10	-	-
Unrealised (gain)/loss on foreign exchange		(859)	1,085	-	-
Gain on disposal of property, plant and equipment		(35)	(100)	-	-
Interest income		(1,200)	(280)	(901)	-
Operating profit/(loss) before working capital changes		9,355	17,701	(4,463)	(95)

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES (CONT'D)					
Operating profit/(loss) before working capital changes (Cont'd)		9,355	17,701	(4,463)	(95)
(Increase)/Decrease in inventories		(2,829)	1,992	-	-
Decrease/(Increase) in trade and other receivables		16,378	(2,569)	(580)	(3)
(Increase)/Decrease in contract assets		(609)	2,520	-	-
Increase in amount owing by subsidiary		-	-	(6,129)	-
Decrease in amount owing by a related party		154	8	-	-
Increase/(Decrease) in amount owing to related parties		329	(3,093)	(105)	105
(Decrease)/Increase in trade and other payables		(3,476)	2,556	118	5
Decrease in contract liabilities		(6,733)	(1,843)	-	-
CASH FROM/(FOR) OPERATIONS		12,569	17,272	(11,159)	12
Income tax paid		(3,423)	(5,568)	(56)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		9,146	11,704	(11,215)	12

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES					
Additions to fixed deposits with a tenure of more than 3 months		(10,000)	-	(10,000)	-
Additions to pledged fixed deposits		(576)	(692)	-	-
Addition to rights-of-use assets	32(a)	-	(240)	-	-
Interest income received		1,200	280	901	-
Proceeds from the disposal of property and equipment		322	100	-	-
Purchase of property, plant and equipment	32(a)	(1,057)	(2,188)	-	(12)
Purchase of short-term investments		(20,360)	-	(20,360)	-
NET CASH FOR INVESTING ACTIVITIES		(30,471)	(2,740)	(29,459)	(12)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid by a subsidiary to non-controlling interest		(760)	-	-	-
Interest paid		(1,037)	(1,842)	-	-
Net (repayment)/drawdown of bankers' acceptances	32(b)	(19,300)	3,021	-	-
Payment of share issuance expenses	17	(1,745)	-	(1,745)	-
Proceeds from issuance of ordinary shares	17	62,691	#	62,691	#
Proceed from/(Net repayment) of invoice financing	32(b)	1,200	(1,107)	-	-
Repayment of hire purchase payables	32(b)	(1,465)	(1,075)	-	-
Repayment of lease liabilities	32(b)	(308)	(288)	-	-
Repayment of term loans	32(b)	(86)	(790)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		39,190	(2,081)	60,946	#

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		17,865	6,883	20,272	#
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD		15,469	8,668	#	-
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		<u>766</u>	<u>(82)</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(d)	<u>34,100</u>	<u>15,469</u>	<u>20,272</u>	<u>#</u>

Note:

- Amount less than RM1,000

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

Registered office : B-25-2, Block B Jaya One,
No. 72A, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : No. 17 & 19, Jalan Pengacara U1/48,
Temasya Industrial Park,
40150 Shah Alam,
Selangor Darul Ehsan.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 April 2026.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standard and/or interpretation (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 121: *Lack of Exchangeability*

The adoption of the above accounting standard and/or interpretation (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The Group and the Company are currently evaluating the impact of implementing this new standard.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the 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 other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment and right-of-use assets are based on commercial factors that could change significantly due to technical innovations and competitors' actions in response to market conditions. The Group and the Company anticipate that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in expected usage levels and technological development could affect the economic useful lives and residual values of these assets; therefore, future depreciation charges may be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Property, Plant and Equipment and Right-of-use assets under Revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amounts of property, plant and equipment and right-of-use assets measured at revaluation as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(c) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to estimate the expected future cash flows from the cash-generating unit and to choose a suitable discount rate to calculate the present value of those cash flows.

(d) Impairment of Property, Plant and Equipment and Rights-of-use assets

The Group and the Company determine whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as the market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements respectively.

(e) Write-down of Inventories

Management periodically reviews damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts them for qualitative and quantitative, reasonable and supportable, forward-looking information, where applicable. If the expectation is different from the estimation, such a difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 9 and 11 to the financial statements respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about the risk of default (probability of default) and the expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables, amount owing by a subsidiary, and amount owing by a related party as at the reporting date are disclosed in Notes 10, 12 and 13 to the financial statements respectively.

(h) Revenue Recognition for Contracts with Customers

The Group recognises contract revenue by reference to the contract progress using the input method, determined based on the proportion of contract costs incurred for work performed to date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, costs incurred and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets of the Group as at reporting date is RM1,291,000 (2024 - Nil). The carrying amounts of current tax liabilities of the Group and of the Company as at the reporting date are RM1,506,000 (2024 - RM802,000) and RM51,000 (2024 - Nil) respectively.

(j) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances, including past practice and any cost that will be incurred to change the asset if an option to extend is not exercised. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below (Cont'd):-

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without a significant financing component which are measured at the transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Group has elected to designate its equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

4.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

4.5 BASIS OF COMBINATION

The Company was incorporated as part of reorganisation exercise under the listing scheme for the listing and quotation of its entire issued share capital on the ACE Market of Bursa Securities. The reorganisation will result in the Company becoming the holding company of PMI-Technology Sdn. Bhd.

On 2 May 2025, the Company acquired the entire issued and paid-up share capital of PMI-Technology Sdn. Bhd. and resulting thereof, PMI-Technology Sdn. Bhd. became a wholly-owned subsidiary of the Company.

As the Company did not constitute a business as defined in *MFRS 3 Business Combinations*, the acquisition was accounted for as a capital reorganisation arising from a transaction under common control, as the ultimate controlling shareholder remain unchanged before and after the internal reorganisation. Accordingly, the consolidated financial statements of the Company represent a continuation of the acquired entity, i.e. PMI-Technology Sdn. Bhd. and the results of entity are presented as if reorganisation had occurred from the beginning of the earliest period presented in the financial statements.

In the consolidated financial statements of the Company, the Company incorporated to acquire the assets and liabilities of PMI-Technology Sdn. Bhd. at its pre-internal reorganisation carrying amounts without fair value uplift on the basis that there is no substantive economic change resulting from the internal reorganisation. No new goodwill was recorded. The difference between the shares issued by the Company to acquire PMI-Technology Sdn. Bhd. and the share capital of PMI-Technology Sdn. Bhd. was recorded in the capital reorganisation reserve or reorganisation deficit in equity, as applicable.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and building are stated at revalued amounts based on periodic valuations, at least once in every 3 or 5 years, less subsequent depreciation for the building. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Freehold buildings	2%
Computers and software	20% - 33%
Electrical installation	10%
Furniture and fittings	8%
Motor vehicles	18% - 20%
Office equipment	10% - 33%
Plant and machinery	10% - 20%
Renovation	10%

4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Leasehold lands, factory buildings and workers' accommodation are stated at revalued amount less accumulated depreciation and any accumulated impairment workers' accommodation impairment losses recognised after the date of the revaluation.

Leasehold lands, factory buildings and workers' accommodation are stated at revalued amounts based on periodic valuations, at least once in every 3 or 5 years, less subsequent depreciation for building. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Office premises under lease period are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost:-		
At 18 March 2024 (Date of Incorporation)/1 January 2025	-	-
Acquisition during the financial year	68,381	-
At 31 December 2024/2025	68,381	-

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2025 %	2024 %	
<i>Subsidiary of the Company</i>				
PMI-Technology Sdn. Bhd.	Malaysia	100	-	Solutions provider of solid liquid filtration equipment, fabrication of steelworks and technical support services
<i>Subsidiaries of PMI-Technology Sdn. Bhd.</i>				
PMI Holding B.V. ^	Netherlands	100	100	Investment holding
PMI-Technology (SG) Pte Ltd #	Singapore	100	100	Trading of filtration equipment
<i>Subsidiary of PMI Holding B.V.</i>				
PMI-Tech Holding B.V. ^	Netherlands	60.1	60.1	Investment holding
<i>Subsidiaries of PMI-Tech Holding B.V.</i>				
PMI-Tech (Europe) B.V. ^	Netherlands	100	100	Solutions provider of solid liquid filtration equipment, and technical support services
PMI-Tech (USA) B.V. ^	Netherlands	100	100	Trading of filtration equipment
<i>Subsidiary of PMI-Tech (USA) B.V.</i>				
PMI-Tech NA, Inc. ^	United States	70	70	Trading of filtration equipment and technical support

^ Not required to be audited under the laws of the country of incorporation.

The subsidiary was audited by other firms of chartered accountants.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) In conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook an internal reorganisation to acquire the entire issued share capital of PMI-Technology Sdn. Bhd.

On 2 May 2025, the Company completed the acquisition of the entire issued and paid-up share capital of PMI-Technology Sdn. Bhd. for a total purchase consideration of RM68,381,000 by issuance of 683,812,000 new ordinary shares as disclosed in Note 17 to the financial statements. In subsequent thereof, PMI-Technology Sdn. Bhd. became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

- (b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2025 %	2024 %	2025 RM'000	2024 RM'000
<i>Indirect subsidiary</i>				
PMI-Tech Europe B.V.	39.90	39.90	1,889	1,990
PMI-Tech NA, Inc.	57.93	57.93	(1,544)	(1,091)
Other individually immaterial subsidiaries			1,002	864
			1,347	1,763

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PMI-Tech Europe B.V.	
	2025 RM'000	2024 RM'000
<u>At 31 December</u>		
Non-current assets	402	132
Current assets	11,581	11,570
Non-current liabilities	(216)	-
Current liabilities	(7,033)	(6,713)
Net assets	4,734	4,989
<u>Financial Year Ended 31 December</u>		
Revenue	29,069	19,752
Profit after taxation for the financial year	1,570	1,977
Total comprehensive income	1,570	1,977
Total comprehensive income attributable to non-controlling interests	626	789
Net cash flows from operating activities	168	5,555
Net cash flows for investing activities	(15)	(477)
Net cash flows for financing activities	(2,009)	(82)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	PMI-Tech NA, Inc.	
	2025	2024
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	745	1,105
Current assets	2,941	3,796
Non-current liabilities	(515)	(830)
Current liabilities	(5,836)	(5,955)
Net liabilities	(2,665)	(1,884)
<u>Financial Year Ended 31 December</u>		
Revenue	13,498	9,033
Loss after taxation for the financial year	(1,008)	(1,069)
Total comprehensive expense	(1,008)	(1,069)
Total comprehensive expense attributable to non-controlling interests	(584)	(619)
Net cash flows from operating activities	169	652
Net cash flows for investing activities	-	(98)
Net cash flows for financing activities	(292)	(322)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2025 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation Charges RM'000	Foreign Exchange Adjustments RM'000	At 31.12.2025 RM'000
2025							
<i>Carrying Amount</i>							
Freehold lands	10,600	-	-	-	-	-	10,600
Freehold buildings	2,133	-	-	-	(43)	-	2,090
Computers and software	923	165	(2)	(3)	(301)	11	793
Electrical installation	541	-	-	-	(66)	-	475
Furniture and fittings	242	27	-	-	(37)	-	232
Motor vehicles	1,849	613	(285)	-	(793)	(3)	1,381
Office equipment	274	107	-	(1)	(54)	1	327
Plant and machinery	4,601	279	-	#	(663)	(1)	4,216
Renovation	3,623	346	-	-	(492)	-	3,477
	24,786	1,537	(287)	(4)	(2,449)	8	23,591

Note:

- Amount less than RM1,000.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2024 RM'000	Additions RM'000	Written off RM'000	Depreciation Charges RM'000	Foreign Exchange Adjustments RM'000	At 31.12.2024 RM'000
2024						
<i>Carrying Amount</i>						
Freehold lands	10,600	-	-	-	-	10,600
Freehold buildings	2,072	105	-	(44)	-	2,133
Computers	725	476	(5)	(273)	-	923
Electrical installation	516	85	-	(60)	-	541
Furniture and fittings	240	47	-	(45)	-	242
Motor vehicles	2,024	612	-	(778)	(9)	1,849
Office equipment	251	62	(1)	(46)	8	274
Plant and machinery	2,995	2,142	(4)	(522)	(10)	4,601
Renovation	3,401	662	-	(440)	-	3,623
	22,824	4,191	(10)	(2,208)	(11)	24,786

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2025				
Freehold lands	-	10,600	-	10,600
Freehold buildings	-	2,177	(87)	2,090
Computers	2,230	-	(1,437)	793
Electrical installation	1,605	-	(1,130)	475
Furniture and fittings	834	-	(602)	232
Motor vehicles	6,509	-	(5,128)	1,381
Office equipment	1,215	-	(888)	327
Plant and machinery	12,879	-	(8,663)	4,216
Renovation	5,357	-	(1,880)	3,477
	30,629	12,777	(19,815)	23,591
2024				
Freehold lands	-	10,600	-	10,600
Freehold buildings	-	2,177	(44)	2,133
Computers	2,103	-	(1,180)	923
Electrical installation	1,606	-	(1,065)	541
Furniture and fittings	808	-	(566)	242
Motor vehicles	6,971	-	(5,122)	1,849
Office equipment	1,155	-	(881)	274
Plant and machinery	12,632	-	(8,031)	4,601
Renovation	5,018	-	(1,395)	3,623
	30,293	12,777	(18,284)	24,786

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2025 RM'000	Depreciation Charges RM'000	At 31.12.2025 RM'000
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2025

Carrying Amount

Software	12	(3)	9
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The Company	At 18.3.2024 (Date of incorporation) RM'000	Additions RM'000	Depreciation Charges RM'000	At 31.12.2024 RM'000
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2024

Carrying Amount

Software	-	12	#	12
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The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
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2025

Software	12	(3)	9
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2024

Software	12	#	12
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Note:

- Amount less than RM1,000.

- (a) The freehold lands and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The details of the Group's property carried at fair value are analysed as follows:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2025				
Freehold lands	-	10,600	-	10,600
Freehold buildings	-	2,090	-	2,090
	-	12,690	-	12,690
2024				
Freehold lands	-	10,600	-	10,600
Freehold buildings	-	2,133	-	2,133
	-	12,733	-	12,733

The level 2 fair values have been determined using the market comparison approach, which reflects recent transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1 and 2 during the financial year.

The fair value measurements of the freehold lands and freehold buildings are based on the highest and best use which does not differ from their actual use.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2025 RM'000	Reassessment of Lease Liabilities RM'000	Depreciation Charges RM'000	Foreign Exchange Adjustments RM'000	At 31.12.2025 RM'000
2025					
<i>Carrying Amount</i>					
Leasehold lands	9,096	-	(305)	-	8,791
Factory buildings	14,637	-	(463)	-	14,174
Workers' accommodation	239	-	(2)	-	237
Office premises	1,393	17	(346)	(73)	991
	25,365	17	(1,116)	(73)	24,193

	At 1.1.2024 RM'000	Additions RM'000	Classified As Held for Sale RM'000	Depreciation Charges RM'000	Foreign Exchange Adjustments RM'000	At 31.12.2024 RM'000
2024						
<i>Carrying Amount</i>						
Leasehold lands	9,620	-	(219)	(305)	-	9,096
Factory buildings	15,100	-	-	(463)	-	14,637
Workers' accommodation	120	240	(120)	(1)	-	239
Office premises	1,322	441	-	(345)	(25)	1,393
	26,162	681	(339)	(1,114)	(25)	25,365

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

7. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The Group leases certain pieces of leasehold lands, factory buildings, workers' accommodation and office premises of which the leasing activities are summarised below:-
- | | |
|------------------------------|---|
| (i) Leasehold lands | The Group has entered into 5 (2024 - 5) non-cancellable operating lease agreements for the use of lands, respectively. The leases are for a period of 60 to 99 (2024 - 60 to 99) years with no renewal or purchase option included in the agreements. The leasehold lands cannot be transferred, sub-leased or encumbered without the approval from relevant authority. |
| (ii) Factory buildings | The Group has entered into 3 (2024 - 3) non-cancellable operating lease agreements for the use of premises, respectively. The leases are for a period of 60 to 99 (2024 - 60 to 99) years with no renewal or purchase option included in the agreements. |
| (iii) Workers' accommodation | The Group has entered into 2 (2024 - 2) non-cancellable operating lease agreements for the use of premises, respectively. The leases are for 99 (2024 - 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease the whole or any part of the premises. |
| (iv) Office premises | The Group has entered into 2 (2024 - 2) leased office premises for a period of 5 (2024 - 5) years. 1 (2024 - 1) lease with renewable option (2024 - renewable option) included in the agreement while 1 (2024 - 1) with no option to renew (2024 - no option to renew). |
- (b) The Group also has leases with terms of 12 months or less and leased of office premises, workers' accommodation and office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value-assets' recognition exemption for these leases.
- (c) Certain leasehold lands and factory buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

7. RIGHT-OF-USE ASSETS (CONT'D)

(d) The details of the Group's rights-of-use assets carried at fair value are analysed as follows:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2025				
Leasehold lands	-	8,791	-	8,791
Factory buildings	-	-	14,174	14,174
Workers' accommodation	-	237	-	237
	-	9,028	14,174	23,202
2024				
Leasehold lands	-	9,096	-	9,096
Factory buildings	-	-	14,637	14,637
Workers' accommodation	-	239	-	239
	-	9,335	14,637	23,972

The level 2 fair values have been determined using the market comparison approach, which reflects recent transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The level 3 fair values have been determined using existing use method which reference the indicative market value of similar properties in the vicinity on a price per square foot basis.

There were no transfers between level 1, 2 and 3 during the financial year.

The fair value measurements of the leasehold lands, factory buildings and workers' accommodation are based on the highest and best use which does not differ from their actual use.

(e) If the leasehold lands, factory buildings and workers' accommodation were measured using the cost model, the carrying amounts would be as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Cost	15,087	15,087
Accumulated depreciation	(4,931)	(4,614)
	10,156	10,473

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

8. INVENTORIES

	The Group	
	2025 RM'000	2024 RM'000
Raw materials	13,403	13,128
Work-in-progress	4,480	2,883
Goods-in-transits	882	1,812
Finished goods	<u>2,099</u>	<u>212</u>
	<u>20,864</u>	<u>18,035</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	<u>68,536</u>	<u>77,369</u>

9. TRADE RECEIVABLES

	The Group	
	2025 RM'000	2024 RM'000
Third parties	14,684	31,310
Allowance for impairment losses	<u>(365)</u>	<u>(484)</u>
	<u>14,319</u>	<u>30,826</u>

- (a) The Group's normal trade credit terms range from 30 to 60 (2024 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) Included in the Group's trade receivables are retention sums amounting to RM2,732,000 (2024 - RM4,523,000) which are expected to be recovered within 1 year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2025 RM'000	2024 RM'000
Other receivables:-		
Third parties	728	439
Sales tax recoverable	495	78
	1,223	517
Advances to suppliers	775	436
Deposits	180	176
Prepayments	898	1,423
	<u>3,076</u>	<u>2,552</u>

	The Company	
	2025 RM'000	2024 RM'000
Other receivables	339	-
Deposits	1	-
Prepayments	243	3
	<u>583</u>	<u>3</u>

The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

11. CONTRACT ASSETS/(LIABILITIES)

	The Company	
	2025 RM'000	2024 RM'000
Contract Assets		
Contract assets relating to contracts	<u>16,377</u>	<u>15,671</u>
Contract Liabilities		
Contract liabilities relating to contracts	<u>(1,329)</u>	<u>(8,063)</u>

- (a) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues invoices in accordance with the contracts with customers.
- (b) The contract liabilities primarily relate to advances received from customers for contract services. The amount will be recognised as revenue when the performance obligations are satisfied.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2025 RM'000	2024 RM'000
At 1 January	7,608	8,285
Performance obligations performed	67,833	101,654
Transfer to trade receivables	<u>(60,393)</u>	<u>(102,331)</u>
At 31 December	<u>15,048</u>	<u>7,608</u>
Represented by:-		
Contract assets	16,377	15,671
Contract liabilities	<u>(1,329)</u>	<u>(8,063)</u>
	<u>15,048</u>	<u>7,608</u>

12. AMOUNT OWING BY A SUBSIDIARY

	The Company	
	2025 RM'000	2024 RM'000

Amount Owing by a Subsidiary

Non-trade balances	<u>6,129</u>	<u>-</u>
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The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

13. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group	
	2025 RM'000	2024 RM'000

Amount Owing by a Related Party

Trade balances	2	161
Allowance for impairment losses	<u>-</u>	<u>(5)</u>
	<u>2</u>	<u>156</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

13. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amount Owing to Related Parties				
Trade balances	670	227	-	-
Non-trade balances	-	28	-	105
	<u>670</u>	<u>255</u>	<u>-</u>	<u>105</u>

- (a) The amount owing by is trade in nature. The Group's normal trade credit terms range from 30 to 60 (2024 - 30 to 60) days.
- (b) The amount owing to is trade in nature. The Group's normal trade credit terms range from 30 to 60 (2024 - 30 to 60) days.
- (c) In the previous financial year, the non-trade balances represented unsecured payments made on behalf. The amount owing was repayable on demand and was to be settled in cash.

14. SHORT-TERM INVESTMENTS

	The Group/The Company	
	2025 RM'000	2024 RM'000
Fixed income funds, at fair value	<u>20,360</u>	<u>-</u>

15. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.10% to 3.75% (2024 - 2.40% to 2.80%) per annum and 2.87% to 3.75% (2024 - Nil) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 (2024 - 30 to 365) days and 90 to 182 (2024 - Nil) for the Group and the Company respectively.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period were an amount of RM9,557,000 (2024 - RM8,981,000) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

16. NON-CURRENT ASSETS HELD FOR SALE

The Group decided to dispose of two of its workers' accommodations and started to source for potential buyers. Accordingly, the workers' accommodations have been presented in the statements of financial position as "Non-current assets held for sale", measured at its fair value before it was reclassified as held for sale.

17. SHARE CAPITAL

	The Group			
	2025	2024	2025	2024
	Number of Shares			
	'000	'000	RM'000	RM'000

Issued and Fully Paid-Up

Ordinary Shares

At 1 January	#	-	#	-
Incorporation of the Company	-	#	-	#
Issuance of new shares:				
- for acquisition of a subsidiary	683,812	-	68,381	-
- pursuant to public issues	232,188	-	62,691	-
Share issuance expenses	-	-	(1,745)	-
At 31 December	<u>916,000</u>	<u>#</u>	<u>129,327</u>	<u>#</u>

	The Company			
	2025	2024	2025	2024
	Number of Shares			
	'000	'000	RM'000	RM'000

Issued and Fully Paid-Up

Ordinary Shares

At 18 March 2024 (Date of Incorporation)/1 January 2025	#	#	#	#
Issuance of new shares:				
- for acquisition of a subsidiary	683,812	-	68,381	-
- pursuant to public issues	232,188	-	62,691	-
Share issuance expenses	-	-	(1,745)	-
At 31 December	<u>916,000</u>	<u>#</u>	<u>129,327</u>	<u>#</u>

Note:

- Amount less than RM1,000.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

17. SHARE CAPITAL (CONT'D)

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM10 to RM129,327,000 by way of the issuance of:-
- 683,812,000 new ordinary shares of RM0.10 each for purchase consideration of the acquisition of PMI-Technology Sdn. Bhd. as disclosed in Note 5(a) to the financial statements; and
 - 232,188,000 new ordinary shares at an issue price of RM0.27 each, pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad. The listing expenses arising from the issuance of new ordinary shares amounting to RM1,745,000 were offset against share capital of the Company.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

18. INVESTED EQUITY

	The Group			
	2025	2024	2025	2024
	Number of Shares '000	'000	RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	14,200	14,200	14,200	14,200
Effect of group reorganisation exercise	(14,200)	-	(14,200)	-
At 31 December	-	14,200	-	14,200

The invested equity at the end of the previous financial year comprise the issued and paid-up ordinary shares of PMI-Technology Sdn. Bhd. During the financial year, the invested equity has been reversed pursuant to the completion of acquisition of PMI-Technology Sdn. Bhd. by the Company.

19. RESERVES

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Retained profits/(Accumulated losses)	50,606	45,733	(3,767)	(95)
Foreign exchange translation reserve (a)	57	(217)	-	-
Revaluation reserve (b)	10,597	10,597	-	-
Reorganisation deficit (c)	(54,181)	-	-	-
	7,079	56,113	(3,767)	(95)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

19. RESERVES (CONT'D)

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

(b) Revaluation Reserve

The revaluation reserve represents the increase in the fair value of leasehold lands, factory buildings and workers' accommodation of the Group (net of deferred tax, where applicable) presented under right-of-use assets.

(c) Reorganisation Deficit

The reorganisation deficit arose from the difference between the carrying value of the investment and the nominal value of shares issued of the subsidiary upon group reorganisation exercised.

20. LEASE LIABILITIES

	The Group	
	2025 RM'000	2024 RM'000
At 1 January	1,444	1,327
Additions	-	441
Changes due to lease reassessment	17	-
Interest expense recognised in profit or loss	93	118
Repayment of principal	(308)	(288)
Repayment of interest expense	(93)	(118)
Foreign exchange adjustments	(91)	(36)
At 31 December	1,062	1,444
Analysed by:-		
Current liabilities	331	324
Non-current liabilities	731	1,120
	1,062	1,444

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

21. BORROWINGS

		The Group	
		2025 RM'000	2024 RM'000
Non-current			
<u>Secured</u>			
Hire purchase payables		<u>1,962</u>	<u>2,879</u>
Current			
<u>Secured</u>			
Term loans	(a), (b)	-	86
Hire purchase payables		1,087	1,155
Bankers' acceptances	(b)	10,475	29,775
Invoice financing	(b)	1,200	-
Bank overdrafts	(b)	<u>873</u>	<u>397</u>
		13,635	31,413
Total		<u>15,597</u>	<u>34,292</u>

(a) Details of the repayment terms for term loans are as follows:-

Term loans	Number of Monthly Instalments	Monthly Instalment Amount RM'000	Commencement Date of Repayment	The Group	
				2025 RM'000	2024 RM'000
1	144	14	December 2012	<u>-</u>	<u>86</u>

(b) Term loans, bankers' acceptances, invoice financing and bank overdrafts

The borrowings of the Group are secured by:-

- (i) a corporate guarantee by the Company and a related party, Pan-Merchant Industries Sdn. Bhd.;
- (ii) a cash deposit agreement;
- (iii) a deed of assignment of contract proceeds;
- (iv) a legal charge over the freehold lands and buildings of the Group as disclosed in Note 6 to the financial statements;
- (v) a legal charge over leasehold lands and factory buildings of the Group as disclosed in Note 7 to the financial statements;
- (vi) a legal charge over the fixed deposits with licensed banks of the Group as disclosed in Note 15 to the financial statements; and
- (vii) an assignment of life insurance policy of a director of the Group.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

21. BORROWINGS (CONT'D)

(b) Term loans, bankers' acceptances, invoice financing and bank overdrafts (Cont'd)

In connection with certain borrowings, the Group has to comply with the following significant covenants:-

- (i) for term loan and short-term borrowings, gearing ratio of not more than 3.0 times for a subsidiary company level and 4.0 times in Group level;
- (ii) advances to subsidiaries, directors, shareholders and related party not more than RM10,000,000 for a subsidiary company level and RM13,000,000 for Group level; and
- (iii) tangible net worth of not less than RM60,000,000 for Group.

The Group and the subsidiary company have complied with the loan covenants.

(c) The interest rate profile of the borrowings of the Group is summarised below:-

	The Group	
	2025	2024
<u>Effective Interest Rate</u>		
Term loans	-	5.26%
Hire purchase payables	3.72% - 7.68%	3.72% - 7.68%
Bankers' acceptances	4.44% - 5.17%	4.80% - 5.14%
Invoice financing	4.60% - 5.01%	-
Bank overdrafts	3.65%	7.88%

22. DEFERRED TAX LIABILITIES

The Group	At 1.1.2025 RM'000	Recognised In Profit or Loss RM'000	At 31.12.2025 RM'000
2025			
Property, plant and equipment	396	(847)	(451)
Right-of-use assets [^]	3,347	(272)	3,075
	3,743	(1,119)	2,624
The Group	At 1.1.2024 RM'000	Recognised In Profit or Loss RM'000	At 31.12.2024 RM'000
2024			
Property, plant and equipment	834	(438)	396
Right-of-use assets [^]	3,347	-	3,347
	4,181	(438)	3,743

[^] Includes the deferred tax from the revaluation of right-of-use assets.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2024 - 30 to 120) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables:-				
Third parties	1,227	867	88	-
Advances from customers	2,771	6,095	-	-
	3,998	6,962	88	-
Accruals	<u>2,736</u>	<u>2,494</u>	<u>35</u>	<u>5</u>
	6,734	9,456	123	5

25. DERIVATIVE LIABILITY

	Contract/Notional Amount		The Group	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Forward currency contracts	<u>-</u>	<u>944</u>	<u>-</u>	<u>-</u>

The Group does not apply hedge accounting.

In the previous financial year, forward currency contracts are used to hedge the Group's purchases denominated in Euro ("EUR") for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts of 35 days after the end of the previous reporting period.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

26. REVENUE

	The Group	
	2025 RM'000	2024 RM'000
<u>Recognised over time</u>		
Contracts with customers	67,833	101,654
<u>Recognised at a point in time</u>		
Sales of goods	57,089	38,872
Rendering of services	1,115	1,015
	58,204	39,887
	126,037	141,541

- (a) The information on the disaggregation of revenue by geographical market is disclosed in Note 35.2 to the financial statements.
- (b) The information about the performance obligations in contracts with customers is summarised below:-

<u>Nature of Goods or Services</u>	<u>Timing and Method of Revenue Recognition</u>	<u>Significant Payment Terms</u>	<u>Variable Considerations</u>	<u>Warranty and Obligation for Returns or Refunds</u>
Contracts with customers	When services are rendered using the cost incurred method.	Based on agreed milestones under the agreement. The credit period is 30 days from the invoice date.	Not applicable.	Assurance warranties of 12-18 months are given to customers.
Sales of spare parts	When goods are delivered and accepted by customers.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.
Rendering of inspection and repair services	When services are rendered.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

27. NET REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2025 RM'000	2024 RM'000
Impairment losses :		
- trade receivables	-	(235)
- related party	-	(5)
Reversal of impairment losses:		
- trade receivables	<u>126</u>	<u>27</u>
	<u>126</u>	<u>(213)</u>

28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees				
- current financial year	256	100	20	5
- non-audit fees				
- current financial year	5	-	5	-
- underprovision in the previous financial year	-	110	-	-
Directors' remuneration	3,957	3,098	356	40

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

28. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
Material Expenses/(Income)				
Depreciation:				
- property, plant and equipment	2,449	2,208	3	#
- rights-of-use assets	1,116	1,114	-	-
Lease expenses on short-term leases	419	447	-	-
Loss/(gain) on foreign exchange:				
- realised	1,054	192	-	-
- unrealised	(859)	1,085	-	-
Property, plant and equipment written off	4	10	-	-
Staff costs (including other key management personnel as disclosed in Note 33):				
- short-term employee benefits	24,591	23,489	24	-
- contribution to defined contribution benefits	2,073	1,866	-	-
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- terms loans	1	22	-	-
- bank overdraft	32	31	-	-
- bankers' acceptances	672	1,410	-	-
- invoice financing	22	23	-	-
- hire purchase payables	217	238	-	-
Interest expense on lease liabilities	93	118	-	-
Gain on disposal of property, plant and equipment	(35)	(100)	-	-
Total interest income on financial assets measured at amortised cost	(760)	(280)	(461)	-
Total interest income on financial assets measured at fair value through profit or loss	(440)	-	(440)	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

29. INCOME TAX EXPENSE

Income Tax Expenses Recognised in Profit or Loss

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
Current tax expense	2,291	3,872	107	-
Underprovision in the previous financial year	545	172	-	-
	2,836	4,044	107	-
Deferred tax:				
- origination and reversal of temporary differences	(351)	(438)	-	-
- overprovision in the previous financial year	(768)	-	-	-
	1,717	3,606	107	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
Profit/(Loss) before taxation	6,969	11,609	(3,565)	(95)
Tax at the statutory tax rate of 24%	1,673	2,786	(856)	(23)
Tax effects of:-				
Non-taxable income	(658)	(24)	(104)	-
Non-deductible expenses	1,268	1,114	1,067	23
Utilisation of tax incentives	(378)	(291)	-	-
Differential in tax rate of foreign subsidiaries	35	(151)	-	-
Underprovision of current tax in the previous financial year	545	172	-	-
Overprovision of deferred taxation in the previous financial year	(768)	-	-	-
	1,717	3,606	107	-

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

30. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	The Group	
	2025 RM'000	2024 RM'000
Items that Will be Reclassified Subsequently to Profit or Loss		
Foreign currency translation:		
- changes during the financial year	<u>334</u>	<u>(357)</u>

31. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2025 RM'000	2024 RM'000
Profit after taxation attributable to owners of the Company	4,968	7,678
Weighted average number of ordinary shares in issue	800,860[^]	683,812 [*]
Basic earnings per share (sen)	<u>0.62</u>	<u>1.12</u>

* In determining the weighted average number of ordinary shares issued by the Company, the issuance of shares pursuant to group reorganisation exercise is treated as if it had been in issue since the beginning of the earliest period presented.

[^] In determining the weighted average number of ordinary shares issued by the Company, the issuance of shares pursuant to group reorganisation exercise is treated as if it had been in issue since the beginning of the earliest period presented and issuance of new shares pursuant to public issues.

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

32. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, Plant and Equipment				
Cost of property, plant and equipment purchased	1,537	4,191	-	12
Less: Acquired through hire purchase arrangements	(480)	(2,003)	-	-
	<u>1,057</u>	<u>2,188</u>	<u>-</u>	<u>12</u>
Right-of-use Assets				
Cost of right-of-use assets acquired	-	681	-	-
Less: Additions of new lease liabilities	-	(441)	-	-
	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM'000	Term Loans RM'000	Hire Purchase Payables RM'000	Bankers' Acceptances RM'000	Invoice Financing RM'000	Total RM'000
2025						
At 1 January	1,444	86	4,034	29,775	-	35,339
<i>Changes in Financing Cash Flows</i>						
Proceeds from drawdown	-	-	-	46,719	3,055	49,774
Repayment of principal	(308)	(86)	(1,465)	(66,019)	(1,855)	(69,733)
Repayment of interests	(93)	(1)	(217)	(672)	(22)	(1,005)
	(401)	(87)	(1,682)	(19,972)	1,178	(20,964)
<i>Other Changes</i>						
Acquisition of new leases	-	-	480	-	-	480
Reassessments of leases	17	-	-	-	-	17
Interest expense recognised in profit or loss	93	1	217	672	22	1,005
Foreign exchange adjustments	(91)	-	-	-	-	(91)
	19	1	697	672	22	1,411
At 31 December	1,062	-	3,049	10,475	1,200	15,786

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Lease Liabilities RM'000	Term Loans RM'000	Hire Purchase Payables RM'000	Bankers' Acceptances RM'000	Invoice Financing RM'000	Total RM'000
2024						
At 1 January	1,327	876	3,106	26,754	1,107	33,170
Changes in Financing Cash Flows						
Proceeds from drawdown	-	-	-	79,204	1,249	80,453
Repayment of principal	(288)	(790)	(1,075)	(76,183)	(2,356)	(80,692)
Repayment of interests	(118)	(22)	(238)	(1,410)	(23)	(1,811)
	(406)	(812)	(1,313)	1,611	(1,130)	(2,050)
Other Changes						
Acquisition of new leases	441	-	2,003	-	-	2,444
Interest expense recognised in profit or loss	118	22	238	1,410	23	1,811
Foreign exchange adjustments	(36)	-	-	-	-	(36)
	523	22	2,241	1,410	23	4,219
At 31 December	1,444	86	4,034	29,775	-	35,339

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

32. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Payment of short-term leases	419	447
Interest paid on lease liabilities	93	118
Payment of lease liabilities	<u>308</u>	<u>288</u>
	<u>820</u>	<u>853</u>

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed deposits with licensed banks	30,718	11,070	20,093	-
Cash and bank balances	23,812	13,777	10,179	#
Bank overdrafts	<u>(873)</u>	<u>(397)</u>	<u>-</u>	<u>-</u>
	53,657	24,450	30,272	#
Less: Fixed deposits pledged to licensed banks	(9,557)	(8,981)	-	-
Fixed deposits with tenures exceeding 3 months	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
	<u>34,100</u>	<u>15,469</u>	<u>20,272</u>	<u>#</u>

Note:

- Amount less than RM1,000.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	356	-	356	40
- salaries, bonuses and other benefits	3,403	2,890	-	-
	3,759	2,890	356	40
Contribution to defined contribution benefits	198	208	-	-
	3,957	3,098	356	40
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits	1,651	1,139	-	-
Contribution to defined contribution benefits	159	36	-	-
	1,810	1,175	-	-
Total directors' remuneration	5,767	4,273	356	40

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM105,000 and RM105,000 (2024 - Nil) respectively.

	The Group 2025 RM'000
(b) Other Key Management Personnel	
Short-term employee benefits	2,670
Contribution to defined contribution benefits	289
Total compensation for other key management personnel	2,959

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

34. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group	
	2025 RM'000	2024 RM'000
Sales to a related party	6,238	4,849
Provision of support services by a related party	-	(13)
Purchases from a related party	(1,098)	(1,671)
Administration costs charged by related parties	(37)	(56)
Labour cost charged by a related party	-	(282)
Management fee charged by a related party	(193)	(198)
Rental of office charged by a related party	(106)	(104)

The significant outstanding balances of the subsidiary and related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the Financial Statements.

35. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

35.1 BUSINESS SEGMENTS

The Group operates predominantly in one business segment i.e. business of solutions provider of solid liquid filtration equipment, fabrication of steelworks and technical support services in Malaysia. Accordingly, the information by business segment is not presented.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

35. OPERATING SEGMENTS (CONT'D)

35.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

	Revenue	
	2025 RM'000	2024 RM'000
The Group		
Europe	27,266	17,496
Indonesia	27,013	54,217
Malaysia	26,606	14,992
Africa	769	3,421
America	23,710	27,706
Australia	2,666	-
Asia (excluding Malaysia and Indonesia)	18,007	23,709
	126,037	141,541

The geographical information for non-current assets is not presented as the Group operates primarily in Malaysia during the reporting period.

35.3 MAJOR CUSTOMERS

The following are the major customers with revenue equal to or more than 10% of the Group's revenue respectively:-

	Revenue	
	2025 RM'000	2024 RM'000
Customer 1	26,123	45,105
Customer 2	*	22,671
Customer 3	24,501	*

* Less than 10%

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

36. CAPITAL COMMITMENT

	The Group	
	2025 RM'000	2024 RM'000
Purchase of property, plant and equipment	<u>1,584</u>	<u>-</u>

37. CONTINGENT LIABILITIES

	The Group	
	2025 RM'000	2024 RM'000
Performance guarantee extended by the subsidiary to third parties	<u>3,541</u>	<u>5,385</u>

38. FINANCIAL INSTRUMENTS

The activities of the Group and the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

- (i) Foreign Currency Risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM'000	Indonesian Rupiah RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2025						
<u>Financial Assets</u>						
Trade receivables	1,224	-	126	8,166	4,803	14,319
Other receivables	-	-	-	-	728	728
Amount owing by a related party	-	-	-	2	-	2
Short-term investments	-	-	-	-	20,360	20,360
Fixed deposits with licensed banks	-	-	-	-	30,718	30,718
Cash and bank balances	1,444	-	186	6,904	15,278	23,812
	2,668	-	312	15,072	71,887	89,939

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	Indonesian Rupiah RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2025						
<u>Financial Liabilities</u>						
Trade payables	387	5	-	3,127	8,963	12,482
Other payables and accruals	1,728	-	24	783	4,199	6,734
Amount owing to related parties	-	-	-	670	-	670
Borrowings	-	-	-	-	15,597	15,597
	2,115	5	24	4,580	28,759	35,483
Net financial assets/(liabilities)	553	(5)	288	10,492	43,128	54,456
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	696	-	(61)	(8,717)	(43,128)	(51,210)
	1,249	(5)	227	1,775	-	3,246

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	Indonesian Rupiah RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2024						
<u>Financial Assets</u>						
Trade receivables	2,374	-	32	9,930	18,490	30,826
Other receivables	-	-	-	-	439	439
Amount owing by a related party	-	-	-	156	-	156
Fixed deposits with licensed banks	-	-	-	-	11,070	11,070
Cash and bank balances	1,642	-	270	7,395	4,470	13,777
	4,016	-	302	17,481	34,469	56,268

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

- (i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM'000	Indonesian Rupiah RM'000	Singapore Dollar RM'000	Euro RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group						
2024						
<u>Financial Liabilities</u>						
Trade payables	199	8	-	3,218	9,836	13,261
Other payables and accruals	3,575	-	10	2,754	3,117	9,456
Amount owing to related parties	-	-	-	255	-	255
Borrowings	-	-	-	-	34,292	34,292
	<u>3,774</u>	<u>8</u>	<u>10</u>	<u>6,227</u>	<u>47,245</u>	<u>57,264</u>
Net financial assets/(liabilities)	242	(8)	292	11,254	(12,776)	(996)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	1,237	-	(191)	(6,333)	12,776	7,489
Less: Forward foreign currency contracts (contracted notional principal)	-	-	-	(944)	-	(944)
	<u>1,479</u>	<u>(8)</u>	<u>101</u>	<u>3,977</u>	<u>-</u>	<u>5,549</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2025 RM'000	2024 RM'000
Effects on Profit After Taxation		
USD/RM		
- strengthened by 5%	+47	+56
- weakened by 5%	-47	-56
IDR/RM		
- strengthened by 5%	#	#
- weakened by 5%	#	#
SGD/RM		
- strengthened by 5%	+9	+4
- weakened by 5%	-9	-4
EUR/RM		
- strengthened by 5%	+67	+151
- weakened by 5%	-67	-151

Note:

- Amount less than RM1,000.

There is no impact on the Group's equity.

The Company does not have any transactions or balances denominated in foreign currencies and hence, are not exposed to foreign currency risk.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group is not subject to interest rate risk since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 21 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonable possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

The Company does not have any interest-bearing borrowings and hence, are not exposed to interest rate risk.

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

(i) Credit Risk Concentration Profile

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by 4 (2024 - 2) customers which constituted approximately 71% (2024 - 61%) of its trade receivables and contract assets (including related parties), net of loss allowance.

The Company does not have any significant credit risk related to any individual customer or counterparty.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM 12,547,000 (2024 - Nil), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group and the Company closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group and the Company use a more lagging past due criterion for trade receivables when it is more appropriate to reflect their loss patterns.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The expected loss rates are based on the payment profiles of sales over 24 (2024 - 24) months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate, Gross Domestic Product (GDP) and inflation rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The reconciliations of allowance for impairment losses are as follows:-

The Group	Credit Impaired RM'000	Total RM'000
<u>Trade Receivables</u>		
Balance at 1.1.2024	276	276
Additions	235	235
Reversals	(27)	(27)
Foreign exchange adjustments	#	#
Balance at 31.12.2024/1.1.2025	484	484
Reversals	(126)	(126)
Foreign exchange adjustments	7	7
Balance at 31.12.2025	365	365

Note:

- Amount less than RM1,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

The Group	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2025				
Current (not past due)	8,616	-	-	8,616
1 to 30 days past due	1,560	-	-	1,560
31 to 365 days past due	3,612	-	-	3,612
More than 1 year past due	531	-	-	531
Credit impaired	365	(365)	-	-
Trade receivables	14,684	(365)	-	14,319
Contract assets	16,377	-	-	16,377
	31,061	(365)	-	30,696
2024				
Current (not past due)	17,428	-	-	17,428
1 to 30 days past due	2,977	-	-	2,977
31 to 365 days past due	10,364	-	-	10,364
More than 1 year past due	57	-	-	57
Credit impaired	484	(484)	-	-
Trade receivables	31,310	(484)	-	30,826
Contract assets	15,671	-	-	15,671
	46,981	(484)	-	46,497

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

Trade receivables and contract assets that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

Trade receivables and contract assets that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables and contract assets that impacted the allowances for impairment losses.

Other Receivables

The Group and the Company apply the 3-stage general approach to measure expected credit losses for its other receivables, amount owing by subsidiaries, and amounts owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit losses are recognised on other receivables as they are negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group and the Company consider the licensed banks to be of low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company also applies the 3-stage general approach (see information in other receivables above) to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures expected credit losses on an individual basis, which aligns with its credit risk management practices on the inter-company balances.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Non-trade Balances) (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The Company uses 3 categories to reflect its credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Company considers loans and advances to subsidiaries to be of low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. This is because the Company is able to determine the timing of payments and the loans and advances are to be in default when the subsidiaries are unable to pay when demanded.

For loans and advances that are not repayable on demand, impairment losses are measured using techniques similar to those for estimating impairment losses of other receivables, as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiary are financial guarantee contract.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for Impairment Losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties to which the financial guarantee contracts were issued. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000			
			Within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	
The Group						
2025						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	12,482	12,482	-	-	
Other payables and accruals	-	6,734	6,734	-	-	
Amount owing to related parties	-	670	670	-	-	
Bankers' acceptances	4.44 - 5.17	10,475	10,475	-	-	
Invoice financing	4.60 - 5.01	1,200	1,200	-	-	
Bank overdrafts	3.65	873	873	-	-	
Hire purchases payables	3.72 - 7.68	3,049	3,331	2,094	-	
Lease liabilities	4.16 - 8.50	1,062	1,184	787	-	
		36,545	36,949	34,068	2,881	

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period (Cont'd)):-

The Group	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2024						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	13,261	13,261	13,261	-	-
Other payables and accruals	-	9,456	9,456	9,456	-	-
Amount owing to related parties	-	255	255	255	-	-
Bankers' acceptances	4.80 - 5.14	29,775	29,775	29,775	-	-
Bank overdrafts	7.88	397	397	397	-	-
Term loans	5.26	86	87	87	-	-
Hire purchases payables	3.72 - 7.68	4,034	4,509	1,373	3,136	-
Lease liabilities	4.16 - 8.50	1,444	1,670	420	1,250	-
		58,708	59,410	55,024	4,386	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period (Cont'd)):-

The Company	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows		
			Within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2025					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	123	123	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiary*	-	12,547	12,547	-	-
		12,670	12,670	-	-

* The potential exposure of the financial guarantee contracts is equivalent to the outstanding amount of the credit facilities of the said subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements because their fair values on initial recognition were not material.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period (Cont'd)):-

The Company	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
2024						
Non-derivative Financial Liabilities						
Other payables and accruals	-	5	5	5	-	-
Amount owing to related parties	-	105	105	105	-	-
		110	110	110	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group include within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Borrowings	15,597	34,292
Less: Cash and cash equivalents	<u>(34,100)</u>	<u>(15,469)</u>
Net debt	<u>(18,503)</u>	<u>18,823</u>
Total equity	<u>137,753</u>	<u>72,076</u>
Debt-to-equity ratio	<u>*</u>	<u>0.26</u>

There were no changes in the approach to capital management during the financial year.

* Not applicable as the Group's cash and cash equivalents exceed its borrowings.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Asset				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	20,360	-	20,360	-
<u>Amortised cost</u>				
Trade receivables	14,319	30,826	-	-
Other receivables	728	439	339	-
Amount owing by a subsidiary	-	-	6,129	-
Amount owing by a related party	2	156	-	-
Fixed deposits with licensed banks	30,718	11,070	20,093	-
Cash and bank balances	23,812	13,777	10,179	#
	69,579	56,268	36,740	#
Financial Liability				
<u>Amortised cost</u>				
Trade payables	12,482	13,261	-	-
Other payables and accruals	6,734	9,456	123	5
Amount owing to related parties	670	255	-	105
Bankers' acceptances	10,475	29,775	-	-
Invoice financing	1,200	-	-	-
Bank overdraft	873	397	-	-
Term loans	-	86	-	-
Hire purchase payables	3,049	4,034	-	-
	35,483	57,264	123	110

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	1.1.2025 to 31.12.2025 RM'000	18.3.2024 to 31.12.2024 RM'000
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	<u>(440)</u>	<u>-</u>	<u>(440)</u>	<u>-</u>
<u>Amortised Cost</u>				
Net gain recognised in profit or loss	<u>(886)</u>	<u>(67)</u>	<u>(461)</u>	<u>-</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	<u>944</u>	<u>1,724</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		

2025

Financial Assets

Short-term investments

- fixed income funds	-	20,360	-	20,360	20,360
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The Group	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		

2024

Financial Liability

Term loans	-	86	-	86	86
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(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of fixed income funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the close of business at the end of the reporting period.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

In the previous financial year, the fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

There were no transfer between level 1 to level 2 during the financial year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2025

39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

- (a) In conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the Company undertook an internal reorganisation to acquire the entire issued share capital of PMI-Technology Sdn. Bhd.

On 2 May 2025, the Company completed the acquisition of the entire issued and paid-up share capital of PMI-Technology Sdn. Bhd. for a total purchase consideration of RM68,381,000 by issuance of 683,812,000 new ordinary shares. In subsequent thereof, PMI-Technology Sdn. Bhd. became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

- (b) On 26 June 2025, the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad with the public issue of 232,188,000 new ordinary shares at a price of RM0.27 each.

40. SIGNIFICANT EVENT OCCURRING AFTER THE FINANCIAL YEAR

On 25 March 2026, the Company declared an interim dividend of 0.20 sen per ordinary share amounting to RM1,832,000 in respect of the current financial year, payable on 30 April 2026, to shareholders whose names appeared in the record of depositors on 10 April 2026. The financial statements for the current financial year do not reflect this interim dividend. Such a dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

41. COMPARATIVES FIGURE

- (a) The Group

The comparative figures of the Group were presented based on the financial statements of the Company and PMI-Technology Sdn. Bhd., as if the reorganisation had occurred before the start of the earliest period presented.

- (b) The Company

The comparative figures of the Company covered for the financial period from 18 March 2024 (date of incorporation) to 31 December 2024. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-month period ended 31 December 2025.

List of Group Properties

Title details/Property address	Description	Existing Use	Tenure and Year of expiry	Age of property (Years)	Land/Gross built-up area	Net Book Value as at 31 December 2025 (RM'000)	Date of last revaluation/Date of acquisition
<p>Headquarters Title details: HS(D) 102262 PT16076, Mukim Damansara Daerah Petaling, Negeri Selangor Darul Ehsan</p> <p>Property address: 17, Jalan Pengacara U1/48, Temasya Industrial Park, 40150 Shah Alam, Selangor</p>	2½-storey semi-detached factory	Headquarters, manufacturing facility, warehouse and storage facility	Freehold	26	<p>Land area: 892 sq. m. / 9,601 sq. ft.</p> <p>Gross built-up area: 714.50 sq. m. / 7,691 sq. ft.</p>	6,345	30 November 2023
<p>Headquarters Title details: HS(D) 102263 PT16077, Mukim Damansara Daerah Petaling, Negeri Selangor Darul Ehsan</p> <p>Property address: 19, Jalan Pengacara U1/48, Temasya Industrial Park, 40150 Shah Alam, Selangor</p>	2½-storey semi-detached factory	Head office and manufacturing facility, warehouse and storage facility	Freehold	26	<p>Land area: 892 sq. m. / 9,601 sq. ft.</p> <p>Gross built-up area: 714.50 sq. m. / 7,691 sq. ft.</p>	6,345	30 November 2023
<p>Jelapang Plant 1 Title details: PN 59890, Lot 120056, Mukim Hulu Kinta, Daerah Kinta Negeri Perak Darul Ridzuan</p> <p>Property address: No. 3, Hala Jati 10, Taman Meru Industrial Estate, 30020 Jelapang, Ipoh, Perak</p>	An industrial premise comprising a single-storey detached factory annexed with a double-storey office building, single-storey detached factory and other ancillary buildings	Manufacturing facility	Leasehold of 60 years, expiring on 6 September 2043	37	<p>Land area: 6,367 sq. m. / 68,534 sq. ft.</p> <p>Gross built-up area: 4,265 sq. m. / 45,908 sq. ft.</p>	2,696	31 December 2023

List of Group Properties

Title details/Property address	Description	Existing Use	Tenure and Year of expiry	Age of property (Years)	Land/Gross built-up area	Net Book Value as at 31 December 2025 (RM'000)	Date of last revaluation/Date of acquisition
<p>Jelapang Plant 2 Title details: PN 115323, Lot 198618, Mukim Hulu Kinta, Daerah Kinta Negeri Perak Darul Ridzuan</p> <p>Property address: Lot 2, Kawasan Perindustrian Taman Meru 3B, Jalan Jelapang, 30020 Jelapang, Ipoh Perak</p>	An industrial premise comprising a single-storey warehouse, a double-storey office building, and other ancillary buildings	Manufacturing facility	Leasehold of 99 years, expiring on 29 October 2091	30	<p>Land area: 5,666 sq. m. / 60,988 sq. ft.</p> <p>Gross built-up area: 3,184 sq. m. / 34,272 sq. ft.</p>	5,338	31 December 2023
<p>Lahat Plant Title details: H.S.(D) 199747, PT 232222, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak</p> <p>Property address: Lot 11004, 4 ¾ Miles, Jalan Lahat, 31500 Lahat, Perak</p>	An industrial premise comprising a single-storey detached factory annexed with a double-storey office, a single-storey warehouse, a two and half storey office building and other ancillary buildings	Manufacturing facility	Leasehold of 60 years, expiring on 29 November 2053	12	<p>Land area: 27,755 sq.m. / 298,752 sq. ft.</p> <p>Gross built-up area: 13,060 sq.m. / 140,576 sq. ft.</p>	14,930	31 December 2023
<p>Title details: Pajakan Mukim 31297, Lot 38977, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak</p> <p>Property address: 88, Jalan Merah 1/4 L, Kampung Baru Bukit Merah, 31500 Lahat, Perak</p>	One single storey terrace house	Workers' accommodation	Leasehold of 99 years, expiring on 12 December 2110	14	<p>Land area: 365 sq. m. / 3,929 sq. ft.</p>	237	9 August 2024

List of Group Properties

Title details/Property address	Description	Existing Use	Tenure and Year of expiry	Age of property (Years)	Land/Gross built-up area	Net Book Value as at 31 December 2025 (RM'000)	Date of last revaluation/Date of acquisition
<p>Title details: PN 184393, Lot 150235, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak</p> <p>Property address: 28, Laluan Jati 3, Taman Seri Meru, 30020 Ipoh, Perak</p>	Double storey low-cost terrace house	Held for sales	Leasehold of 99 years, expiring on 12 October 2086	15	Land area: 89 sq. m. / 958 sq. ft.	170	31 December 2023
<p>Title details: PN 184438, Lot 150263, Mukim Hulu Kinta, Daerah Kinta, Negeri Perak</p> <p>Property address: 29, Laluan Jati 3, Taman Seri Meru, 30020 Ipoh, Perak</p>	Double storey low-cost terrace house	Held for sales	Leasehold of 99 years, expiring on 12 October 2086	15	Land area: 89 sq. m. / 958 sq. ft.	170	31 December 2023

Analysis of Shareholdings

As at 31 March 2026

Total Number of Issued Shares	:	916,000,000 Ordinary Shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share
Number of shareholders	:	911

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
Less than 100	0	0	0.00
100 – 1,000	306	129,500	0.01
1,001 – 10,000	247	1,270,600	0.14
10,001 – 100,000	218	7,988,200	0.87
100,001 – 45,800,000 *	132	327,085,508	35.71
45,800,001 and above **	8	579,526,192	63.27
Total	911	916,000,000	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

SHAREHOLDING OF DIRECTORS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Holders	%	No. of Shares	%
Datuk Tan Leh Kiah	1,006,700	0.11	-	-
Wong Voon Ten	136,762,420	14.93	-	-
Wong Nyeon Thiat	51,285,908	5.60	137,262,420 ⁽¹⁾	14.98
Wong Voon Yoong	136,762,420	14.93	2,162,500 ⁽¹⁾	0.24
Wong Voon Shek	85,476,512	9.33	-	-
Lee Cheng Ngee	136,762,420	14.93	51,785,908 ⁽¹⁾	5.65
Datin Ooi Swee Lian	100,000	0.01	-	-
Fong Kit Chiu	100,000	0.01	-	-
Ir. Viyasan K Krishnan	150,000	0.02	-	-

Note:

(1) Deemed interested through his/her spouse's spouse's and children's shareholding in the Company pursuant to Section 8 of the Companies Act 2016 ("the Act").

Analysis of Shareholdings

As at 31 March 2026

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Holders	%	No. of Shares	%
Budhi Sentoso Rachmat	118,762,420	12.97	-	-
Lee Cheng Ngee	136,762,420	14.93	51,785,908 ⁽²⁾	5.65
Wong Voon Ten	136,762,420	14.93	-	-
Wong Voon Yoong	136,762,420	14.93	2,162,500 ⁽²⁾	0.24
Wong Voon Shek	85,476,512	9.33	-	-
Wong Nyeon Thiat	51,285,908	5.60	137,262,420 ⁽²⁾	14.98

Note:

(2) Deemed interested through his/her spouse's and children's shareholding in the Company pursuant to Section 8 of the Companies Act 2016 ("the Act").

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of shareholders	No of shares held	% of Issued Capital
1	BUDHI SENTOSO RACHMAT	118,762,420	12.97
2	LEE CHENG NGENE	81,762,420	8.93
3	WONG VOON TEN	81,762,420	8.93
4	WONG VOON YOONG	81,762,420	8.93
5	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHENG NGENE	55,000,000	6.00
6	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG VOON YOONG	55,000,000	6.00
7	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG VOON TEN	55,000,000	6.00
8	WONG VOON SHEK	50,476,512	5.51
9	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG NYEON THIAT	35,000,000	3.82
10	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG VOON SHEK	35,000,000	3.82
11	AFFIN HWANG INVESTMENT BANK BERHAD IVT (GAB) GABRIEL LIU SHOU YI	31,974,400	3.49
12	LEONG BUH KWONG	28,000,000	3.06
13	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TANG VEE MUN (DATUK)	22,222,200	2.43
14	YAP KENG FATT	19,131,100	2.09
15	LOH KAM KEONG	19,100,000	2.09
16	CHIEW POH HAR	17,708,000	1.93
17	WONG NYEON THIAT	16,285,908	1.78

Analysis of Shareholdings

As at 31 March 2026

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of shareholders	No of shares held	% of Issued Capital
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR LEONG BUH KWONG (E-SS2)	15,333,300	1.67
19	TAN CHENG CHAI	11,000,000	1.20
20	CHEE TING TUAN	3,703,700	0.40
21	NG KOON FOOK	3,703,700	0.40
22	GAN KOK HWA	3,000,000	0.33
23	YEE BOON YEOW	2,563,600	0.28
24	HOH DING WEI	2,413,000	0.26
25	ONE OCEAN ENVIRONMENT SDN.BHD.	2,222,200	0.24
26	UNG CHIEW HWA	2,000,000	0.22
27	CHEAH SUAN LEE	1,851,800	0.20
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)	1,800,000	0.20
29	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	1,500,000	0.16
30	LEW YOU SEN	1,500,000	0.16
TOTAL		856,539,100	93.51

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Second (2nd) Annual General Meeting of the Company will be held at Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur on Thursday, 4 June 2026 at 10.30 a.m. to transact the following:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 **[Please refer to Note A]** together with the Directors' Report and the Auditors' Report thereon. **Resolution 1**
2. To approve the payment of Directors' Fees and benefits amounting to RM356,521 in respect of the financial year ended 31 December 2025. **Resolution 2**
3. To approve the payment of Directors' Fees and benefits up to an amount not exceeding RM1,000,000 for the financial year ending 31 December 2026 and up to the date of the next Annual General Meeting of the Company. **Resolution 3**
4. To re-elect the following Directors, who shall retire by rotation in accordance with Clause 94 of the Company's Constitution and being eligible, offer themselves for re-election:
 - i. Mr. Wong Voon Ten **Resolution 4**
 - ii. Datuk Seri Nurmala binti Abd Rahim **Resolution 5**
 - iii. Mr. Fong Kit Chiu **Resolution 6**
5. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Board of Directors to fix their remuneration. **Resolution 7**

As Special Business

6. **Ordinary Resolution**
Authority to Allot and Issue Shares Pursuant to Sections 75 & 76 of the Companies Act, 2016 ("Act") **Resolution 7**

"THAT subject to the Act, the Constitution of the Company and the approvals of the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 & 76 of the Act to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

THAT pursuant to Section 85 of the Act, read together with Clauses 5 and 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Act.

Notice of Annual General Meeting

7. **Ordinary Resolution** **Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")** **Resolution 8**

"THAT subject always to the provisions of the ACE Market Listing Requirements of Bursa Securities and other relevant statutory and/or regulatory requirements, the Company and/or its subsidiaries be authorised, to the fullest extent permitted by law, to enter into and to give effect to the specified the Related Parties as set in Circular to Shareholders dated 30 April 2026 which are necessary for its day-to-day operations in the ordinary course of business, to be entered into by the Company and/or its subsidiaries on the basis that these transactions are entered into on transaction prices and terms which are not more favourable to the specified RRPTs with the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such authority is subject to annual renewal and shall only continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time the authority will lapse unless renewed by a resolution passed at the meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier.

THAT all RRPTs entered into by the Related Parties from 26 June 2025, being the date of listing of the Company on the ACE Market of Bursa Securities, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.7 of the Circular to Shareholders dated 30 April 2026 be and are hereby approved, confirmed and ratified;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. To transact any other business for which due notice has been given in accordance with the Act and the Company's Constitution.

By Order of the Board

WONG YOUN KIM (f) (MAICSA 7018778) (SSM PC No.: 20190800410)
LEE CHIN WEN (f) (MAICSA 7061168) (SSM PC No.: 202008001901)
Company Secretaries

Selangor Darul Ehsan
30 April 2026

Notes:

1. Depositors whose names appear in the Record of Depositors as at 25 May 2026 shall be regarded as members of the Company entitled to attend, speak and vote at the Annual General Meeting.
2. A member of the Company entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend and vote at the Meeting. A proxy may but need not be a member of the Company.
3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

Notice of Annual General Meeting

Notes: (Cont'd)

4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed, the appointment shall be invalid unless the exempt authorised nominee specifies the number of shares to be represented by each proxy.
5. The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited at the Registered Office of the Company at B-25-2, Block B, Jaya One, No. 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan not less than Forty-Eight (48) hours before the time for holding the Meeting or any adjournment thereof.
7. Pursuant to Clause 71 of Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes:

i. **Note A – Audited Financial Statement for the financial year ended 31 December 2025**

The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence this agenda item is not put forward for voting.

ii. **Resolution 7**

Ordinary Resolution – Authority to Allot and Issue Shares Pursuant to Sections 75 & 76 of The Companies Act, 2016 ("Act")

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of this Annual General Meeting, authority to allot and issue not more than ten per centum (10%) of the total issued share capital of the Company pursuant to Sections 75 and 76 of the Act. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

THAT pursuant to Section 85 of the Act, read together with Clauses 5 and 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares pursuant to Sections 75 & 76 of the Act.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Act shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Act, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Act and Clauses 5 and 15 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Act.

iii. **Resolution 8**

Ordinary Resolution – Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPTs)

The proposed Ordinary Resolution 8 if passed, will empower the Company and its subsidiaries ("the Group") to enter into RRPTs which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders of the Company.

Further information on the above is set out in the Circular to Shareholders of the Company dated 30 April 2026 which can be downloaded from our Corporate Website at www.pmi-group.com.

Statement Accompanying the Notice of Annual General Meeting

1. The Directors, who are standing for re-election at the 2nd Annual General Meeting in accordance with Clause 94 of the Company's Constitution are as follows:
 - i. Mr. Wong Voon Ten
 - ii. Datuk Seri Nurmala binti Abd Rahim
 - iii. Mr. Fong Kit Chiu
2. The details of the Directors standing for re-election are set out in Profile of the Directors on pages 10, 15 and 17 of the Annual Report.

Administrative Notes

For the Second Annual General Meeting (“2nd AGM”)

Date : Thursday, 4 June 2026
Time : 10.30 a.m or at any adjournment thereof
Venue : Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur

1. ELIGIBILITY TO ATTEND

Only a shareholder whose name appears on the Record of Depositor as at 25 May 2026 of Pan Merchant Berhad (“Pan Merchant” or the “Company”) shall be entitled to attend or appoint proxy(ies) to attend, participate, speak (collectively, “participate”) and/or vote on his/her behalf.

2. REGISTRATION ON THE DAY OF THE 2ND AGM

Registration will start at 9.00 a.m. at Ground Floor, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia.

The AGM will be held at Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia.

Members, proxies, attorneys, and corporate representatives are requested to present their original identification papers such as identity card (NRIC) (Malaysian), or police report (for loss of NRIC) or Temporary NRIC (Malaysian), or passport (Foreigner) during registration for verification purpose.

Please take note that no person will be allowed to register on behalf of another person, even with the original identification papers of that person. Upon verification, members, proxies, attorneys, and corporate representatives are required to write their names and sign on the Attendance List placed on the registration table.

Whether you are attending the AGM as a shareholder, proxy(ies), attorney(s) and/or corporate representative(s), you will be registered once and given only one wristband for voting purpose. Please take note that no person will be allowed to enter the AGM Venue without wearing the identification wristband. There will be no replacement in the event that you lose or misplace the identification wristband.

3. APPOINTMENT OF PROXY

Shareholder who is unable to attend the 2nd AGM may appoint the Chairman of the Meeting or any other person(s) as their proxy(ies) and indicate the voting instruction in the Proxy Form.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 2nd AGM should you subsequently wish to do so. However, if your proxy already registered his/her attendance prior to your good self on the day of the 2nd AGM, you will not be allowed to attend the 2nd AGM together with your appointed proxy(ies).

The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

The Proxy Form must be deposited at the Registered Office of the Company at B-25-2, Block B, Jaya One, No. 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan not later than Tuesday, 2 June 2026 at 10:30a.m.

4. REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to attend, participate, speak and vote at the 2nd AGM yourself, please write in to info@niche.com.my to revoke the earlier appointed proxy 48 hours before the 2nd AGM.

5. POLL VOTING

The voting at the 2nd AGM will be conducted by poll in accordance with Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Bina Management (M) Sdn. Bhd. as Poll Administrator to conduct poll voting to verify the results of the poll. The poll procedures will be briefed during the 2nd AGM. Upon completion of the voting session for the 2nd AGM, the Independent Scrutineers will verify the poll results for the announcement by the Chairman, followed by the Chairman’s declaration whether the resolutions are carried.

Administrative Notes

For the Second Annual General Meeting (“2nd AGM”)

6. MEETING REFRESHMENTS

Light refreshments will be available at the foyer during the poll verification session.

7. NO DOOR GIFTS OR VOUCHERS

There will be no door gifts or vouchers provided to shareholders, proxies and invited guests who attend the 2nd AGM.

8. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 2nd AGM proceedings is allowed without prior written permission of the Company.

9. ADVANCE SUBMISSION OF QUESTIONS RELATING TO THE AGM AGENDA ITEMS

Shareholders of the Company may submit questions in advance relating to the agenda items of the 2nd AGM to Registered Office of the Company at B-25-2, Block B, Jaya One, No. 72A Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan and/or via email at info@niche.com.my commencing from 1 May 2026, and no later than 10.30 a.m. on 2 June 2026. The Board will endeavour to answer at the AGM the questions received.

10. ENQUIRY

If you have any enquiries prior to the 2nd AGM, please contact the following during office hours from Monday to Friday (9.00 a.m. to 6.00 p.m.):

Company Secretary of Pan Merchant
Niche & Milestones International Sdn Bhd
B-25-2, Block B, Jaya One, No. 72A Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya,
Selangor Darul Ehsan

General line: 603-7955 0955
Fax number: 603-7955 0950
Email: info@niche.com.my

The Company may at its discretion make any changes to the above arrangements in the event of unforeseen circumstances.



PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia under the Companies Act, 2016)

PROXY FORM

*I/ *We NRIC/Company No.:
(Full Name in Block Letters)

of
(Full Address)

Email Address: Mobile No.:

being member/members of **PAN MERCHANT BERHAD** hereby appoint:

1) Name of proxy: NRIC No.:
(Full Name in Block Letters)

Address:..... No. of shares represented:.....
(Full Address)

Email Address: Mobile No.:

2) Name of proxy: NRIC No.:
(Full Name in Block Letters)

Address:..... No. of shares represented:.....
(Full Address)

Email Address: Mobile No.:

or, *the Chairman of the Meeting as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Second Annual General Meeting of the Company to be held at at Level 26, Auditorium, Menara Affin, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur on Thursday, 4 June 2026 at 10.30 a.m.or at any adjournment thereof in the manner indicated below:

	Resolutions	For	Against
1	To approve the payment of Directors’ Fees and benefits for the financial year ended 31 December 2025		
2	To approve the payment of Directors’ Fees and benefits for the financial year ending 31 December 2026 and up to the date of the next Annual General Meeting of the Company		
3	To re-elect Mr. Wong Voon Ten as Director		
4	To re-elect Datuk Seri Nurmala binti Abd Rahim as Director		
5	To re-elect Mr. Fong Kit Chiu as Director		
6	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company		
7	Special Business – To approve the authority to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016		
8	Special Business – To approve the Proposed Shareholders’ Ratification and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. In the absence of specific directions, your proxy may vote or abstain from voting at his/her discretion.

Signed this..... day of2026

No. of Shares held	
CDS Account No.	

.....
Signature of member(s)



Notes:

- (A) The Agenda item 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting.
1. Depositors whose names appear in the Record of Depositors as at 25 May 2026 shall be regarded as members of the Company entitled to attend, speak and vote at the Annual General Meeting.
 2. A member of the Company entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend and vote at the Meeting. A proxy may but need not be a member of the Company.
 3. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
 4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. If more than one (1) proxy is appointed, the appointment shall be invalid unless the exempt authorised nominee specifies the number of shares to be represented by each proxy.
 5. The Proxy Form shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
 6. The Proxy Form must be deposited at the Registered Office of the Company at B-25-2, Block B, Jaya One, No. 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor Darul Ehsan not less than Forty-Eight (48) hours before the time for holding the Meeting or any adjournment thereof.
 7. Pursuant to Clause 71 of Constitution of the Company, all resolutions set out in this Notice will be put to vote by way of poll.

fold here to seal

STAMP

The Company Secretary of
PAN MERCHANT BERHAD
(Registration No.202401010821 (1556671-D))
B-25-2, Block B, Jaya One,
No. 72A, Jalan Prof Diraja Ungku Aziz, 46200
Petaling Jaya, Selangor Darul Ehsan

fold here to seal



PAN MERCHANT BERHAD
(Registration No.202401010821 (1556671-D))

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