



**EVERSAFE RUBBER BERHAD**

[201501008542 (1133877-V)]



**CORE  
CAPABILITIES,  
FUTURE  
POSSIBILITIES**

**ANNUAL REPORT 2025**

# CORE CAPABILITIES, FUTURE POSSIBILITIES

At the centre of progress lies strength; refined, reliable, and built over time. For Eversafe Rubber Berhad, its core capabilities form the driving force behind every advancement, anchoring the business while enabling it to move forward with confidence. Encircled by innovation and evolving expertise, each capability is continuously enhanced to meet the demands of a changing landscape. Like a tyre in motion, the Group's foundation remains steady even as it accelerates towards new horizons. From what is firmly established emerges a future filled with possibility, shaped by resilience, propelled by progress, and guided by a vision to advance further.



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# 11<sup>TH</sup>

## ANNUAL GENERAL MEETING

### Venue:

Conference 2, Level 2,  
WEIL Hotel, 292,  
Jalan Sultan Idris Shah,  
30000 Ipoh,  
Perak Darul Ridzuan

### Date and Time:

Tuesday  
19 May 2026  
11.00 a.m

# Corporate Information

## Board of Directors

**Tan Sri Dato' Dr. Sak Cheng Lum**  
*Independent Non-Executive  
Chairman*

**Dato' Seri Cheah Eu Kiat**  
*Executive Director  
(Deceased on 24.01.2026)*

**Eu Ah Seng**  
*Executive Director*

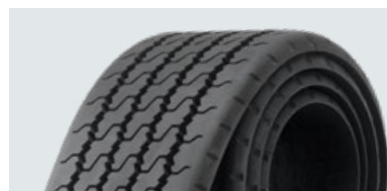
**Cheah Siang Tee**  
*Chief Executive Officer / Executive  
Director*

**Cheah Eu Lee**  
*Non-Independent Non-Executive  
Director*

**Ng Meng Kwai**  
*Senior Independent Non-Executive  
Director*

**Haji Mohd Isa Bin Haji Talib**  
*Independent Non-Executive  
Director*

**Ong Beow Chieh**  
*Independent Non-Executive  
Director*



## Audit Committee

*Chairman:*  
**Ng Meng Kwai**

*Members:*  
**Tan Sri Dato' Dr. Sak Cheng Lum**  
**Haji Mohd Isa Bin Haji Talib**

## Remuneration Committee

*Chairman:*  
**Tan Sri Dato' Dr. Sak Cheng Lum**

*Members:*  
**Haji Mohd Isa Bin Haji Talib**  
**Dato' Seri Cheah Eu Kiat**  
*(Deceased on 24.01.2026)*  
**Cheah Eu Lee**  
*(Appointed on 26.02.2026)*

## Nominating Committee

*Chairman:*  
**Tan Sri Dato' Dr. Sak Cheng Lum**

*Members:*  
**Cheah Eu Lee**  
**Ng Meng Kwai**

## Company Secretaries

**Khaw Teik Thye**  
*(SSM PC No. 202208000728)  
(MIA 11616)*

**Chong Lay Kim**  
*(SSM PC No. 202008001920)  
(LS 0008373)*

## Registered Office

Unit 1203, Level 12, Uptown 1  
No. 1 Jalan SS21/58,  
Damansara Uptown  
47400 Petaling Jaya,  
Selangor  
Malaysia  
Tel: +603 7733 5665  
Email: malaysia@ledgengroup.com  
Website: www.ledgengroup.com

## Head Office

Lot 94, Lebuhr Portland  
Tasek Industrial Estate  
31400 Ipoh  
Perak  
Malaysia  
Tel: +605 291 0599  
Fax: +605 291 1699  
Email: enquiry@eversafe.com.my  
Website: www.eversafe.com.my

## Auditors

**BDO PLT** 201906000013  
*(LLP0018825-LCA & AF0206)*  
Level 8, Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Malaysia  
Tel: +603 2616 2888  
Fax: +603 2616 3190/3191

## Solicitors

**Teh & Lee**  
A-3-3 & A-3-4, Northpoint Offices  
Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Malaysia  
Tel: +603 2283 2800  
Fax: +603 2283 2500

## Principal Bankers

**Public Bank Berhad**  
46-52, Jalan Yang Kalsom  
30250 Ipoh  
Perak  
Malaysia

**Hong Leong Bank Berhad**  
Lot A-G-2 (Ground Floor)  
No. 1, Persiaran Greentown 2  
Greentown Business Center  
30450 Ipoh  
Perak  
Malaysia

**OCBC Bank (Malaysia) Berhad**  
2, Jalan Dato Maharajalela  
30000 Ipoh  
Perak  
Malaysia

**Malayan Banking Berhad**  
No. 5, Jalan Todak 2  
Bandar Baru Seberang Jaya  
13700 Seberang Jaya  
Pulau Pinang  
Malaysia

## Share Registrar

**Tricor Investor & Issuing House  
Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel: +603 2783 9299  
Email: is.enquiry@vistra.com

## Stock Exchange Listing

ACE Market of Bursa Malaysia  
Securities Berhad  
Stock Code: 0190  
Stock Name: ESAFE



# Corporate Structure



**EVERSAFE RUBBER BERHAD**  
[201501008542 (1133877-V)]

100%

Comfort Green Tyre Sdn. Bhd.

100%

Eversafe Retreading Solution Sdn. Bhd.

100%

Eversafe Rubber Processing Sdn. Bhd.

100%

Eversafe Trading (Shanghai) Co. Ltd

100%

Supreme Good International Limited

100%

Olympic Retreads (M) Sdn. Bhd.

100%

Jiaying YongAN Rubber Co. Ltd

## Group Financial Highlights

Group	Financial year ended			
	31 December 2025 RM'000	31 December 2024 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Revenue	<b>109,250</b>	98,015	116,329	144,864
Gross profit ("GP")	<b>9,306</b>	13,095	14,154	15,720
(Loss)/Profit before taxation ("LBT/PBT")	<b>(8,301)</b>	(5,787)	2,190	(4,612)
(Loss)/Profit after tax ("LAT/PAT") / (Loss)/Profit attributable to the owners of Company	<b>(8,289)</b>	(3,869)	1,245	(4,464)
Earnings before interests, taxes, depreciation and amortisation	<b>816</b>	2,857	11,486	3,878
Total equity attributable to owners of the Company	<b>48,581</b>	56,875	60,447	59,107
(Loss)/Earning per share <sup>(1)</sup> (sen)	<b>(3.5)</b>	(1.6)	0.5	(1.9)
Dividends per share <sup>(1)</sup> (sen)	-	-	-	0.8
Net assets ("NA") per share <sup>(1)</sup> (sen)	<b>20.2</b>	23.6	25.1	24.6
GP margin <sup>(2)</sup> (%)	<b>8.5</b>	13.4	12.2	10.9
Net (loss)/profit margin <sup>(3)</sup> (%)	<b>(7.6)</b>	(3.9)	1.1	(3.1)
Return on equity attributable to owners of Company <sup>(4)</sup> (%)	<b>(17.1)</b>	(6.8)	2.1	(7.6)
Return on total assets <sup>(5)</sup> (%)	<b>(8.3)</b>	(3.3)	1.0	(3.4)

### Notes:

- (1) Calculated based on 240,593,796 ordinary shares in the Company.
- (2) Computed based on GP over revenue.
- (3) Computed based on PAT/LAT over revenue.
- (4) Computed based on PAT/LAT over total equity attributable to owners of the Company.
- (5) Computed based on PAT/LAT over total assets of the Group.

## Profile of Directors



**TAN SRI DATO' DR. SAK CHENG LUM**  
("TAN SRI DATO' DR. SAK")

Independent Non-Executive Chairman

<b>Aged</b>	82
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Tan Sri Dato' Dr. Sak** was appointed as the Independent Non-Executive Chairman of Eversafe Rubber Berhad ("**Eversafe Rubber**") on 30 May 2016. He is also the Chairman of the Remuneration Committee and Nominating Committee as well as a member of the Audit Committee.

He graduated with a Degree in Medicine from the University of Singapore in 1968.

He started his career as a medical doctor, serving as a medical officer for the Malaysian government until 1972, before starting his own private practice. In 1978, Tan Sri Dato' Dr. Sak was elected as the state assemblyman under Barisan National for the seat of Bagan Jermal in Penang. He was elected as the state assemblyman for 5 terms (from 1978 to 1990 and from 1995 to 2004). He also served as a senator and parliamentary secretary of the Ministry of Domestic Trade and Consumer Affairs from 1990 to 1995. He was also an independent non-executive director of Star Publications (Malaysia) Berhad from 2001 until 2010 and the independent non-executive chairman of XingHe Holdings Berhad from 2013 until 2016.

Currently, he serves as chairman of the University Tunku Abdul Rahman Foundation Board of Trustees since 2010 and also as a member of the Board of Trustees for ECM Libra Foundation and Neoh Foundation. He is also appointed to the board of directors of several private corporations in Malaysia.

Apart from being our Independent Non-Executive Chairman, he does not sit on the board of directors of any other public companies and listed companies.

### EU AH SENG

Executive Director

<b>Aged</b>	84
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Mr. Eu Ah Seng** was appointed as the Executive Director in Eversafe Rubber on 30 May 2016. Mr. Eu presently oversees the entire development, production, marketing and procurement activities of the Group.

He began his career in the rubber-related industry in 1960 when he started working for a rubber trader, assisting in the collection of raw natural rubber from smallholders to be sent to factories. In 1965, he joined Perak Rubber Works Sdn Bhd in Taiping, working in the production of rubber compounds for the tyre industry. After 11 years of service in Perak Rubber Works Sdn Bhd, he left to start his own rubber trading business, Success Trading. In 1980, he co-founded Retreading Solution with Dato' Seri Cheah.



Mr. Eu is presently an Executive Director of Retreading Solution since 1980, Eversafe Rubber Processing since 1980 and a Non-Executive Director of Eversafe Shanghai since 2005. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.

## Profile of Directors

### CHEAH SIANG TEE

Chief Executive Officer / Executive Director

<b>Aged</b>	50
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Mr. Cheah Siang Tee** was appointed as the Executive Director of Eversafe Rubber on 30 May 2016. Subsequently, on 30 June 2016, he was appointed as the Chief Executive Officer of our Company. Mr. Cheah presently oversees the overall operations of the Group which includes the business strategic planning and development of overseas operations, overall sales and marketing activities and research and development.

He obtained a Bachelor Degree in Accounting and a Bachelor in Business Administration majoring in Finance from the University of Minnesota in 1998.

He started his career when he joined Deloitte Malaysia as a trainee accountant in 1999. He was a member to the Minnesota Society of Certified Public Accountants in 2000; and later became a member of the American Institute of Certified Public Accountants (AICPA) in 2001. He also became a member of the Malaysian Institute of Certified Public Accountants (MICPA) in 2002. In 2002,



he left Deloitte Malaysia to join his family business of tyre retreading. Since then, he has been involved in every aspect of the family business and has been instrumental of the business' international growth.

Mr. Cheah is presently an Executive Director for Retreading Solution since 2014, Eversafe Rubber Processing since 2014, Eversafe Shanghai since 2005, Jiaying YongAn Rubber Co Ltd ("**Jiaying**") since 2007, Olympic since 2014 and a Non-Executive Director of Supreme Good since 2008. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.



### CHEAH EU LEE

Non-Independent Non-Executive Director

<b>Aged</b>	68
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Mr. Cheah Eu Lee** was appointed as the Non-Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Nominating Committee and was appointed as a member of the Remuneration Committee on 26 February 2026.

He started his career after completing his secondary education from Chung Ling High School in 1976 when he joined Chop Tai Hin (sole proprietorship), a family business. In 1978, he was tasked to head the marketing division of Olympic, overseeing the sourcing for tyre casings used in the retreading of tyres before he was transferred in 1982 to oversee and be responsible for Tai Hin & Son (PG) Sdn Bhd's ("**Tai Hin**") retailing segment (the retailing business of Chop Tai Hin was taken over by Tai Hin, also a family business). Tai Hin's retailing segment which he was in charge of was subsequently transferred to Tayarmart (M) Sdn Bhd upon its incorporation in 1987. During his tenure in Tayarmart (M) Sdn Bhd, the group has established two additional car workshops in Prai and Taman Bagan, both in Penang.

Mr. Cheah is presently a Non-Executive Director in Retreading Solution since 2008, Eversafe Rubber Processing since 2008 and Olympic since 1979. Apart from the Eversafe Group, he is not a director of any other public company and he does not sit on any other boards.

## Profile of Directors



### NG MENG KWAI

Senior Independent Non-Executive Director

<b>Aged</b>	74
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Mr. Ng Meng Kwai** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also the Chairman of the Audit Committee and a member of the Nominating Committee.

Mr. Ng is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and also a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

He has accumulated over 40 years of public accounting experience and has extensive experience in audit and financial advisory services as well as risk management matters. He began his career in 1973 with Deloitte Malaysia and moved up the ranks until his retirement from Deloitte Malaysia in 2013. Since then, he joined Robert Mengkwai & Loo, an accounting firm, as a partner, a position he holds until to date.

He was also appointed to the Board of Kelington Group Berhad as an Independent Non-Executive Director on 1 November 2022.

### HAJI MOHD ISA BIN HAJI TALIB

Independent Non-Executive Director

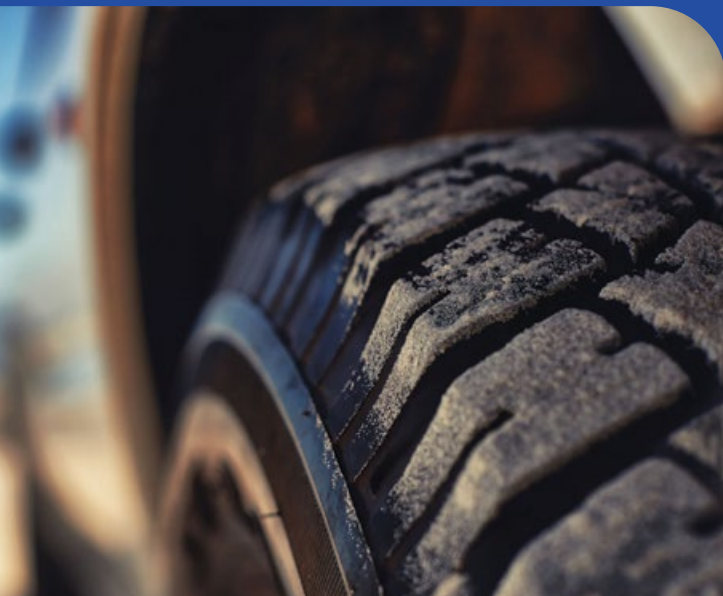
<b>Aged</b>	83
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Tuan Haji Mohd Isa** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 30 May 2016. He is also a member of the Audit Committee and Remuneration Committee.



Tuan Haji Mohd Isa has accumulated 35 years of experience in the banking industry since 1961 when he joined Malayan Banking Berhad (Maybank) immediately after his secondary education. Moving through the ranks in Maybank, Tuan Haji Mohd Isa was promoted to Regional Manager of Kuantan and was responsible for overseeing the operations of bank branches in three states in Malaysia, i.e. Pahang, Kelantan and Terengganu in 1980. In 1991, he was transferred to Kuching to oversee branches in Sarawak. In 1993, he was transferred to Kuala Lumpur headquarters to head the property division of Maybank until he retired in 1998.

Apart from Eversafe Rubber, he is not a director of any other public company and he does not sit on any other boards.



## Profile of Directors

### ONG BEOW CHIEH

Independent Non-Executive Director

<b>Aged</b>	54
<b>Nationality</b>	Malaysian
<b>Gender</b>	Female

**Ms. Ong Beow Chieh** was appointed as an Independent Non-Executive Director of Eversafe Rubber on 4 January 2017.

She graduated in 1995 with a Bachelor of Laws Degree from Queensland University of Technology, Australia.

After graduating, Ms. Ong began her pupillage with Messrs. Presgrave & Matthews of Penang in 1996. Since then, she was admitted as an advocate and solicitor of the High Court of Malaya in 1997 and made partner of the firm in 2002, a position she currently still holds. She specialises in banking, conveyancing and intellectual property. She is also a trademark and industrial design agent registered under the Intellectual Property Corporation in Malaysia.

Apart from Eversafe Rubber, she is not a director of any other public companies and she does not sit on any other boards.



#### Notes:

1. None of the Directors have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2025.
2. None of the Directors have any conflicts of interest with the Company.
3. Save as disclosed below, none of the Directors of Eversafe have any family relationships with any other Directors and/or major shareholders of Eversafe Rubber:
  - (i) Mr. Cheah Eu Lee and Mr. Cheah Siang Tee are directors and shareholders of Tai Hin, a major shareholder of Eversafe Rubber.
  - (ii) Mr. Cheah Eu Lee, our Non-Independent Non-Executive Director, is the uncle of Mr. Cheah Siang Tee, our Chief Executive Officer/Executive Director.



## Deliver the highest levels of **satisfaction** and **profitability**

For over 30 years, Eversafe Rubber has built a sterling track record and reputation as an industry leader for delivering the highest quality solutions and products for the tyre retreading industry.

## Profile of Key Senior Management

### EU AH SENG

Executive Director

Please refer to page 5 of the Annual Report for the profile of Mr. Eu Ah Seng.

### CHEAH SIANG TEE

Chief Executive Officer/Executive Director

Please refer to page 6 of the Annual Report for the profile of Mr. Cheah Siang Tee.



### LEONG YEW WAH

Chief of Internal Audit

<b>Aged</b>	76
<b>Nationality</b>	Malaysian
<b>Gender</b>	Male

**Mr. Leong Yew Wah** is our Chief of Internal Audit. He reviews our internal control and compliance procedures and reports to the Audit Committee.

Upon completion of his high school education in 1970, he was appointed to the Inland Revenue Board ("IRB") in 1971. Mr. Leong served 35 years in the IRB in various capacities and has gained vast knowledge and experience in investigation and examination of fraudulent financial accounts in tax evasion cases. He was also an approved Tax Agent for the Ministry of Finance. He retired from his service in the IRB in the year 2006. He was awarded the 'Sijil Perkhidmatan Cemerlang' twice during his tenure in IRB. He joined Tai Hin in 2007 as the Chief of Internal Audit and in May 2016, he transferred to our Group.

He does not sit on the board of any public or private companies.

### KOID LAY PENG

Group Finance Manager

<b>Aged</b>	60
<b>Nationality</b>	Malaysian
<b>Gender</b>	Female

**Ms. Koid Lay Peng** is our Group Finance Manager. She oversees the overall finance and treasury functions within our Group, including the preparation of financial statements and liaising with the auditors, tax agents, lawyers and bankers.

She obtained a Diploma in Business Studies from Institut Simyong, Penang in 1987 and Certificate of Accounting (Third Level) from London Chamber of Commerce and Industry Examinations Board in 1999.

Her career began as an Auditor in Koay Seng Leong & Co in 1987. In 1988, she left to join Tayarmart (M) Sdn Bhd as an Accounts Executive before she was transferred to Tai Hin in 2009 to take up the role as the Manager of the Accounts and Administrative Departments. In 2016, she assumed her present position of Group Finance Manager.

She does not sit on the board of any public or private companies.

## Profile of Key Senior Management

### LEE CHEE KONG

General Manager - Sales & Marketing

**Aged** 62

**Nationality** Malaysian

**Gender** Male

**Mr. Lee Chee Kong** is our General Sales & Marketing Manager. He is in charge of our sales and marketing division, overseeing the Group's marketing activities for the local market.

He obtained a Diploma in Business Studies and Certificate of Marketing from the London Chamber of Commerce and Industry Examinations Board in 1994 and 1995 respectively.

Mr. Lee started his career in 1986 as a Marketing Executive with Antah Holdings Berhad. In 1993, he joined Sun Rubber Industry Sdn Bhd as their Marketing Manager where he oversaw both the domestic and export sales and marketing of the company's rubber compounds. After 13 years, he joined A-Max Industries Sdn Bhd (now known as Acten Tire Technology Sdn Bhd) as its Marketing Manager where he was in charge of the company's overall sales and marketing activities. In 2008, he joined Retreading Solution as the Marketing Manager and was subsequently promoted to his present position in 2018.

He does not sit on the board of any public or private companies.

### EU HONG LIM

Export Sales Manager

**Aged** 49

**Nationality** Malaysian

**Gender** Male

**Mr. Eu Hong Lim** is our Export Sales Manager. He is in charge of our Group's export sales and promotional activities, as well as participation in trade fairs and exhibitions. Mr. Eu is also involved in brand building, assisting in the development of new and existing products, attending to and handling quality control issues, managing logistics and monitoring warehouse operations.

He graduated with a Degree of Business Administration from the Middlesex University, England in 1999.

After a stint with an education service provider, Mr. Eu joined Retreading Solution in 2001 as an Administration and Sales Executive. He was previously involved in the establishment, implementation and maintenance of several systems within the Group, such as our Group's information technology systems, enterprise resource planning systems and quality management systems. He was also involved in the application of our Group's ISO 9001 certification and the provision of ISO training to staff. He was also tasked with managing our Group's export sales and servicing our overseas customers. In 2008, he was promoted to Export Sales Manager, a position he currently holds.

He does not sit on the board of any public or private companies.

### ANUAR BIN ATAN

General Manager - Production

**Aged** 63

**Nationality** Malaysian

**Gender** Male

**Mr. Anuar bin Atan** is our General Production Manager. He is responsible for managing and overseeing our Group's production related matters including procurement and raw materials arrangement, production of our tyre retreading materials as well as storage and warehousing matters.

He obtained a Diploma in Rubber and Plastic Technology and Diploma in Rubber Processing from Institut Teknologi MARA and Institut Penyelidikan Getah Malaysia respectively.

After obtaining his Diploma in 1986, he joined Heveafil (M) Sdn Bhd in the same year as a Supervisor, where he was responsible to oversee the operation of the company's compounding and wastewater management. In 1990, he joined Rubber Thread Industries (M) Sdn Bhd as a Senior Production Manager to manage and oversee the company's production, compounding and wastewater management activities. In 2009, he joined Retreading Solution as our Production Manager. He has since accumulated over 30 years of experience in rubber compounding activities and factory management.

He does not sit on the board of any public or private companies.

#### Notes:

- None of the key senior management have been convicted for any offences (other than traffic offences, if any) within the past five (5) years or imposed with any public sanction or penalty by the relevant authorities or regulatory bodies during the financial year ended 31 December 2025.
- None of the key senior management have any conflicts of interest with the Company.
- Save as disclosed on page 8 of the Annual Report and as below, none of the key senior management have any family relationships with any other Director and/or major shareholder of Eversafe Rubber:
  - Mr. Eu Ah Seng, our Executive Director, is the father of Eu Hong Lim, our Export Sales Manager.

## Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board, it is my pleasure to present the Annual Report of Eversafe Rubber Berhad ("Eversafe Rubber" or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2025 ("FYE 2025").

FYE 2025 unfolded against a backdrop of heightened global economic uncertainty, shaped by evolving geopolitical developments, persistent inflationary pressures and uneven recovery across key markets. Despite these challenges, the Group remained steadfast in its commitment to operational excellence, financial discipline and long-term value creation. Through prudent management and focused execution, we continued to navigate the complexities of the operating landscape while positioning the Group for sustainable growth.



### The Year in Review

For FYE 2025, the Group recorded revenue of RM109.3 million, compared to RM98.0 million in the preceding financial year, primarily driven by increased sales of tyre retreading materials. Despite the higher revenue, the Group reported a loss before taxation of RM8.3 million, compared to a loss before taxation of RM5.8 million in the previous year. This was largely attributable to margin compression arising from elevated input costs, coupled with higher general and administrative expenses incurred during the year.

On the operational front, an important milestone was the commencement of operations of Comfort Green in October 2024. This new facility marks the Group's strategic entry into the manufacturing of new tyres, with a dedicated focus on solid tyres. This expansion represents a significant step in broadening the Group's product portfolio beyond its traditional retreading segment, enabling greater value capture across the tyre lifecycle while enhancing long-term business sustainability.

In tandem, the Group has embarked on strengthening its international footprint for its solid tyre segment, particularly in key markets such as Korea, Japan, China, Turkey, Italy and the Netherlands, where demand for industrial applications, namely forklift operations, remains resilient.

Separately, through Eversafe Retreading Solutions Sdn Bhd, the Group continues to deepen market penetration in the regions through strategic partnerships, enhanced distribution networks and localisation of product offerings to better align with customer requirements and regulatory standards.



# Chairman's Statement

## Macroeconomic Highlights

The operating environment in FYE 2025 remained challenging, influenced by structural shifts in upstream petrochemical markets, continued geopolitical tensions and evolving global trade dynamics. An anticipated oversupply in the petrochemical sector continued to exert downward pressure on synthetic rubber and related feedstock prices, while volatility in crude oil prices contributed to fluctuations in production costs across the value chain.

Malaysia's economy remained resilient, supported by steady domestic demand and investment activities. According to official estimates, the economy expanded by approximately 5.0% in 2025, following a growth of 5.1% in 2024, with growth in 2026 expected to remain within the range of 4.5% to 5.5%. Inflationary pressures were relatively contained, although ongoing subsidy rationalisation and external cost factors may pose upside risks.

From an industry perspective, the global rubber market experienced mixed dynamics during the year. While natural rubber prices demonstrated periods of recovery, supported by supply constraints in key producing countries and steady demand from the automotive sector, overall market conditions remained volatile. Global supply continued to lag behind demand, with production estimated at approximately 14.9 million tonnes against consumption of 15.6 million tonnes in 2025, reflecting a persistent structural imbalance.

In Malaysia, rubber prices showed moderate increases across key grades, supported by supply concerns arising from adverse weather conditions and sustained export demand, particularly from major markets such as China and Europe. However, price movements remained uneven across regions due to fluctuating demand, inventory levels and global economic uncertainty, contributing to continued margin pressures across the tyre manufacturing value chain.

Despite these headwinds, the Group remained focused on maintaining operational resilience, actively managing cost structures and pursuing opportunities to strengthen its market position.

## Strategic Value Creation

The launch of new solid tyre products under Comfort Green represents a key pillar of the Group's strategic transformation. Solid tyres, which are widely used in industrial and material handling applications, offer enhanced durability, lower maintenance requirements and improved safety performance. This segment also provides the Group with an opportunity to diversify its revenue base, strengthen margins through value-added manufacturing and reduce reliance on its traditional retreading business, while capitalising on stable replacement demand from industrial fleet operators.

In relation to the tyre retreading business, the Group is exploring new business opportunities in Hong Kong, which is expected to strengthen its presence in the region's public transportation segment and additionally, the Group is evaluating potential joint venture opportunities in China and Indonesia to further expand its manufacturing and distribution capabilities.

On the cost management front, the Group has implemented various measures to enhance efficiency and preserve margins. These include tighter cost controls, optimisation of procurement strategies and a temporary freeze on the intake of new foreign labour to manage operating expenses more effectively.



# Chairman's Statement

## Navigating the Road Ahead

Looking ahead, the Group expects the operating environment to remain challenging, particularly in relation to revenue growth and margin sustainability. External factors such as raw material price volatility, foreign exchange fluctuations and global economic uncertainties will continue to influence business performance.

Notwithstanding these challenges, the automotive industry, both globally and domestically, continues to present structural growth opportunities, supported by sustained vehicle demand, expanding transportation networks and ongoing replacement cycles. In Malaysia and across key export markets, steady activity in commercial vehicles, public transportation and industrial mobility segments continues to underpin consistent demand for tyres and related services.

Against this backdrop, evolving requirements for tyre performance, particularly in terms of durability, load-bearing capacity and cost efficiency, are expected to remain key considerations for fleet operators and end-users. These trends are supportive of demand for specialised tyre segments, including solid tyres and retreading solutions, where the Group is strategically positioned to participate.

While the transition towards electric vehicles (EV) is gradually reshaping certain segments of the automotive landscape, its impact on the Group's core business remains limited. Nevertheless, the Group will continue to monitor these developments and assess opportunities to align its product offerings with emerging requirements, including enhancements in wear performance and operational efficiency.

The Group remains committed to strengthening its operational capabilities, improving productivity and enhancing efficiency across its value chain. Through disciplined execution of its strategic initiatives, the Group aims to mitigate external pressures while positioning itself for long-term growth.

While uncertainties persist, the Board remains cautiously optimistic about the Group's prospects, supported by ongoing strategic expansion, product diversification and market development efforts.

## Tribute and Appreciation

The Board records with deep sadness the passing of our Founder and Executive Director, Dato' Seri Cheah Eu Kiat, on 24 January 2026.

Dato' Seri Cheah was a pioneering figure in the Malaysian tyre and retreading industry, whose entrepreneurial vision, dedication and leadership were instrumental in shaping the foundation and growth of Eversafe Rubber. His unwavering commitment to excellence and innovation has left an enduring legacy that will continue to guide the Group in the years ahead. On behalf of the Board, I extend our heartfelt condolences to his family and loved ones. His contributions to the Group and the industry will be remembered with great respect and gratitude.

The Board also wishes to express its sincere appreciation to our shareholders for their continued trust and confidence, to our management team and employees for their dedication and resilience, and to our business partners, suppliers and customers for their unwavering support.

**Tan Sri Dato' Dr. Sak Cheng Lum**  
Independent Non-Executive Chairman  
15 April 2026

# Management Discussion and Analysis

The financial year ended 31 December 2025 marked a period of challenges shaped by evolving market conditions, cost pressures and demand variability across key sectors. Notwithstanding these headwinds, Eversafe Rubber Berhad (“Eversafe” or the “Group”) remained steadfast in its commitment to operational resilience, disciplined execution and long-term value creation.

Guided by a strategy anchored on sustainable growth, the Group continued to strengthen its operational capabilities, expand its product portfolio and pursue opportunities across both established and emerging markets. Through prudent cost management, continuous process improvements and strategic investments, Eversafe is positioning itself to capture new growth avenues while maintaining financial stability.

## Eversafe Rubber at a Glance

Eversafe Rubber Berhad was incorporated in Malaysia on 5 March 2015 under the Companies Act 1965 as a private limited company and was subsequently converted into a public limited company on 24 June 2016. The Company serves as an investment holding entity, while the Group is principally engaged in the development, manufacturing and distribution of tyre retreading materials, as well as tyre retreading operations. Over the years, the Group has evolved into an integrated player within the rubber and tyre retreading value chain, supported by manufacturing facilities, technical expertise and a growing international presence.

Today, Eversafe operates across multiple jurisdictions, serving a diversified customer base spanning Asia, Oceania, Africa, the Americas, Europe and the Middle East. The Group’s expanding footprint reflects its ability to adapt to varying market dynamics while maintaining consistent product quality and service standards.

### Core Strengths

The Group’s competitive positioning is underpinned by its diversified subsidiaries, each contributing distinct capabilities across the rubber and tyre retreading ecosystem:

<b>Eversafe Retreading Solution Sdn Bhd</b>	Engaged in the manufacturing and distribution of rubber-based tyre retreading materials, complemented by related technical support and solutions for the retreading industry.
<b>Eversafe Rubber Processing Sdn Bhd</b>	Focuses on the compounding and processing of rubber and polymer materials, supporting both internal production requirements and external customer demand.
<b>Olympic Retreads (M) Sdn Bhd</b>	Specialises in the manufacturing and distribution of retreaded tyres, serving commercial and industrial vehicle segments.
<b>Supreme Good International Ltd</b>	Functions as the Group’s investment holding entity, supporting international manufacturing operations and distribution activities across key markets.
<b>Eversafe Trading (Shanghai) Co. Ltd</b>	Undertakes trading and distribution of rubber-based tyre retreading products within the China market, strengthening the Group’s regional market presence.
<b>Jiaying Yongan Rubber Co. Ltd</b>	Involved in the production, sales and after-sales servicing of rubber products, contributing to the Group’s integrated manufacturing and customer support capabilities in China.
<b>Comfort Green Tyre Sdn Bhd</b>	Engaged in the development, manufacturing and distribution of solid tyres for industrial applications, marking the Group’s strategic expansion into the new tyre segment.

Collectively, these entities enable the Group to operate an integrated and scalable business model, spanning upstream material formulation to downstream retreading and distribution. This integration enhances supply chain control, cost efficiency and responsiveness to customer requirements across both domestic and international markets.

# Management Discussion and Analysis

## Eversafe Rubber at a Glance (Cont'd)



### Core Competencies

#### Development, Manufacturing and Distribution of Tyre Retreading Materials

The Group's core competency lies in the in-house development and formulation of rubber compounds tailored to specific performance requirements. Leveraging technical expertise and proprietary formulations, the Group produces a comprehensive range of tyre retreading materials.

Manufacturing operations are strategically located in Ipoh, Perak and Hong Kong, enabling efficient production and distribution across key markets. The Group sources its primary raw materials; including natural rubber, synthetic rubber, carbon black and processing oils, predominantly from local and regional suppliers, ensuring supply continuity and cost management.

Eversafe's product portfolio includes:

 <p>Masterbatch</p>	<p>Masterbatch is a core intermediate material formulated and compounded in-house, serving as a key input in the production of the Group's tyre retreading products. It is produced through the controlled blending of natural and/or synthetic rubber with rubber processing oils, carbon black, sulphur, accelerators and other performance-enhancing additives to achieve specific compound characteristics tailored to end-use requirements.</p>
 <p>Pre-cured tread liners</p>	<p>Pre-cured tread liners are pre-vulcanised rubber strips moulded with defined tread patterns and profiles, primarily used in cold cure tyre retreading. The Group currently offers a diverse portfolio of over 70 tread patterns, with ongoing product development initiatives to expand its range in line with evolving customer specifications and market demand.</p>
 <p>Camelbacks</p>	<p>Camelbacks are unvulcanised rubber strips applied to buffed tyre casings in the hot cure retreading process. During vulcanisation, the material conforms to the mould to form the desired tread pattern, ensuring durability and performance consistency.</p>
 <p>Cushion gums</p>	<p>Cushion gums are specially formulated adhesive compounds used to bond pre-cured tread liners or camelbacks to prepared tyre casings. Designed for strong tack adhesion and bonding integrity, these materials play a critical role in ensuring the structural reliability of retreaded tyres.</p>
 <p>Repair ropes</p>	<p>Repair ropes are extruded rubber compounds in rope form, utilised for filling and sealing punctures or damaged areas during tyre repair processes, thereby restoring structural integrity prior to retreading.</p>
 <p>Sidewall veneers</p>	<p>Sidewall veneers are rubber compounds applied to repair and restore damaged tyre sidewalls during the hot cure retreading process. This involves layering a new rubber veneer onto the sidewall to enhance both structural strength and surface finish.</p>
 <p>Orbitreads</p>	<p>Orbitreads are extruded rubber compounds specifically designed for hot cure retreading of off-road tyres. Given the larger size and heavier-duty requirements of such tyres, orbitreads are used in place of camelbacks to provide enhanced durability and performance under demanding operating conditions.</p>

The Group's products are distributed to more than 25 countries, reflecting strong market acceptance and technical reliability.

# Management Discussion and Analysis

## Eversafe Rubber at a Glance (Cont'd)

### Core Competencies (Cont'd)

#### Tyre Retreading Operations

The Group's tyre retreading operations complement its materials segment, allowing it to capture additional value along the supply chain. Operations are conducted in Butterworth, Penang and Hong Kong, focusing primarily on commercial vehicle segments such as buses and transportation trucks. Retreaded tyres are marketed under the Group's proprietary "OLP" brand. The integration between materials production and retreading operations provides:

Cost advantages through internal sourcing

Enhanced quality control

Improved margin optimisation

This dual capability strengthens the Group's positioning within the circular economy by extending tyre life cycles and promoting resource efficiency.

## Market Outlook & Strategic Direction

The operating landscape for the global automotive and tyre industries continues to evolve, shaped by moderating economic growth, shifting mobility patterns and an increasing emphasis on sustainability and cost efficiency. These dynamics are influencing both new vehicle demand and the broader aftermarket ecosystem, with implications across the value chain.

In Malaysia, the automotive sector is expected to normalise following a strong post-pandemic recovery phase. The Malaysian Automotive Association (MAA) reported a record Total Industry Volume (TIV) of 816,747 units in 2024, with projections indicating a moderation in demand due to base effects and the absence of significant policy-driven catalysts. While new vehicle sales may soften in the near term, the underlying expansion of the vehicle parc and sustained mobility needs are expected to continue supporting aftermarket segments, particularly tyre replacement and retreading.

At the global level, tyre demand remains underpinned by structural factors, including the continued expansion of logistics and e-commerce activities, which drive higher utilisation of commercial vehicles, as well as the steady growth in the global vehicle parc. In addition, ongoing cost optimisation efforts among fleet operators, particularly in a more uncertain economic environment, are reinforcing demand for cost-efficient maintenance solutions. Industry analyses by the International Rubber Study Group and market insights from Grand View Research indicate that the global tyre and rubber markets are expected to maintain steady growth, supported by replacement demand and industrial activity.

Within this context, the tyre retreading segment is becoming increasingly relevant as both a cost-effective and environmentally sustainable alternative. Retreading extends the usable life of tyres while reducing the need for new raw materials, thereby supporting circular economy objectives and aligning with tightening environmental expectations across multiple jurisdictions. As regulatory frameworks and customer preferences continue to evolve, particularly among commercial fleet operators, the adoption of retreading solutions is expected to increase gradually, driven by the need to balance operational cost efficiency with sustainability considerations.

# Management Discussion and Analysis

## Market Outlook & Strategic Direction (Cont'd)

### Strategic Positioning and Growth Opportunities

Against this backdrop, the Group continues to position itself to capture opportunities across both its existing and newly established business segments. The commencement of operations of Comfort Green Tyre Sdn Bhd in October 2024 marks a significant strategic milestone, representing the Group's entry into the manufacturing of new tyres. This venture focuses on solid tyres for industrial applications, particularly forklifts, which are widely used in logistics, warehousing and manufacturing environments. This expansion is expected to:

- Broaden the Group's product offering beyond tyre retreading materials and services
- Diversify revenue streams and reduce reliance on a single segment
- Enhance exposure to industrial and infrastructure-related demand

The industrial tyre segment, particularly solid tyres, is supported by the continued growth of logistics and warehousing activities, driven by e-commerce expansion and supply chain reconfiguration. This positions the Group to benefit from structural demand trends rather than purely cyclical automotive demand.

### Strengthening Resilience through Sustainability and Governance

In parallel, the Group recognises the increasing importance of environmental, social and governance (ESG) considerations in shaping long-term business sustainability. Regulatory expectations and stakeholder requirements are progressively evolving, particularly in areas such as; environmental compliance and emissions management, resource efficiency and waste reduction as well as supply chain transparency and responsible sourcing. In this regard, the Group views its ongoing sustainability initiatives as an opportunity to enhance operational resilience through better resource management, strengthen corporate governance and compliance practices, align with customer and market expectations, particularly in export markets and support long-term sustainable growth.

The Group's involvement in tyre retreading inherently supports circular economy principles by extending product life cycles and reducing environmental impact, providing a natural alignment with broader sustainability trends.

Looking ahead, the Group remains cautiously optimistic on its prospects. While external challenges such as raw material price volatility, foreign exchange fluctuations and demand uncertainty are expected to persist, the Group is supported by its integrated business model across the value chain, diversified geographical presence, expansion into new product segments and ongoing operational and efficiency improvements. The Group will continue to focus on strengthening its core operations, scaling its new tyre manufacturing segment and enhancing its sustainability practices, with the aim of delivering sustainable and resilient long-term growth.

# Management Discussion and Analysis

## Financial Performance Review

The Group's performance in FYE 2025 reflects a balance between revenue growth initiatives and cost management measures amid a challenging operating environment. While demand for tyre retreading materials remained resilient, profitability was impacted by external cost pressures, particularly raw material price increases and foreign exchange fluctuations.

### Revenue and Profitability

	FYE 2023	FYE 2024	FYE 2025
Revenue (RM'000)	116,329	98,015	<b>109,250</b>
Gross Profit (RM'000)	14,154	13,095	<b>9,306</b>
Gross Profit Margin (%)	12.2	13.4	<b>8.5</b>
(Loss)/Profit Before Tax (RM'000)	2,190	(5,787)	<b>(8,301)</b>
(Loss)/Profit After Tax (RM'000)	1,245	(3,869)	<b>(8,289)</b>
Earnings Per Share (Sen)	0.5	(1.6)	<b>(3.5)</b>

### Revenue by Countries

Countries	FYE 2023 RM'000	FYE 2024 RM'000	FYE 2025 RM'000
Malaysia	31,415	31,557	<b>29,072</b>
South East Asia (excluding Malaysia)	50,818	24,840	<b>45,787</b>
East Asia and Oceania	22,285	30,005	<b>17,850</b>
South Asia, Middle East and Africa	4,126	4,548	<b>8,550</b>
Americas	1,193	1,369	<b>1,632</b>
Europe	6,492	5,696	<b>6,359</b>
<b>Total</b>	<b>116,329</b>	<b>98,015</b>	<b>109,250</b>

For the financial year ended 31 December 2025 ("FYE 2025"), the Group recorded revenue of RM109.3 million, representing an increase of 11.5% from RM98.0 million in the preceding year. The growth was primarily supported by higher sales of tyre retreading materials across key markets, reflecting sustained demand from the replacement segment despite a more moderate automotive environment. The Group's ability to maintain sales momentum was underpinned by its established customer base, diversified geographical presence and continued market penetration efforts.

From a geographical perspective, South East Asia remained the largest contributor to Group revenue at 41.9%, followed by Malaysia at 26.6%, East Asia and Oceania at 16.3%, and South Asia, Middle East and Africa at 7.8%, while the Europe and Americas contributed 5.8% and 1.5%, respectively. The overall distribution remained broadly stable, indicating continued diversification across markets and reduced reliance on any single region, which provides a degree of resilience against localised demand fluctuations.

# Management Discussion and Analysis

## Financial Performance Review (Cont'd)

### Revenue and Profitability (Cont'd)

Notwithstanding the improvement in revenue, the Group's profitability was adversely impacted by cost pressures and external market factors. Gross profit declined to RM9.3 million from RM13.1 million in the previous year, representing a decrease of 28.9%, while gross profit margin contracted to 8.5% from 13.4%. The margin compression was largely attributable to higher average input costs, particularly increases in natural rubber prices and other key raw materials, which could not be fully passed on to customers in a competitive pricing environment. In addition, the Group experienced foreign exchange losses arising mainly from USD-denominated transactions, further affecting overall revenue.

Operating expenses also increased during the year, in line with the Group's ongoing business expansion initiatives, including costs associated with strengthening operational capabilities and supporting new ventures. As a result, the Group recorded a Loss Before Tax ("LBT") of RM8.3 million, compared to a LBT of RM5.8 million in the previous financial year. The widening losses reflect the combined impact of margin compression, foreign exchange volatility and higher administrative and operating expenses, notwithstanding stable underlying operational activity.

Consequently, the Group reported a Loss After Tax ("LAT") of RM8.3 million, compared to RM3.9 million in the preceding year, while loss per share increased to 3.5 sen from 1.6 sen previously. The deterioration in earnings highlights the sensitivity of the Group's margins to raw material price movements and currency fluctuations, particularly in a year characterised by elevated cost conditions.

Overall, while the Group achieved revenue growth during the year, profitability remained constrained by external cost pressures. Moving forward, the Group's focus will remain on improving cost efficiency, enhancing pricing strategies where feasible and strengthening operational execution to support margin recovery.

### Assets and Liabilities

	FYE 2023	FYE 2024	FYE 2025
Total Assets (RM'000)	130,487	115,831	<b>99,431</b>
Total Liabilities (RM'000)	70,040	58,956	<b>50,850</b>
Total Equity (RM'000)	60,447	56,875	<b>48,581</b>

As at 31 December 2025, the Group's total assets stood at RM99.4 million, representing a decrease of 14.2% from RM115.8 million recorded in the previous financial year. The reduction in total assets was primarily attributable to movements in working capital, including lower trade receivables and inventory levels following efforts to optimise operating cycles, as well as a decline in cash and cash equivalents arising from operating losses and capital deployment during the year. These movements reflect a more calibrated approach to managing working capital in line with current demand conditions and cost considerations.

Total liabilities decreased by 13.7% to RM50.8 million from RM58.9 million previously. The decline was mainly driven by the reduction in trade and other payables in tandem with lower procurement levels and tighter working capital management, as well as repayment of borrowings, where applicable. Despite ongoing operational and expansion activities, the Group maintained a measured approach to its funding requirements, resulting in an overall reduction in liabilities.

# Management Discussion and Analysis

## Financial Performance Review (Cont'd)

### Assets and Liabilities (Cont'd)

Correspondingly, total equity decreased by 14.6% to RM48.6 million from RM56.9 million in the previous year. The contraction in equity was largely attributable to losses incurred during the financial year, which offset the Group's capital base. As a result, net assets per share declined to RM20.2 from RM23.6, representing a decrease of 14.4%, reflecting the impact of the year's financial performance on shareholders' value.

Notwithstanding these movements, the Group's balance sheet remains relatively stable. The gearing ratio stood at 0.5 times, consistent with the past three financial years, indicating that leverage levels have been maintained within a controlled range. This reflects the Group's continued emphasis on prudent capital management, balancing the need to support operational requirements and strategic initiatives while preserving financial flexibility.

### Liquidity and Cash Flow Position

	FYE 2023	FYE 2024	FYE 2025
Operating Activities (RM'000)	15,607	8,988	<b>6,762</b>
Investing Activities (RM'000)	(2,893)	(7,702)	<b>(4,510)</b>
Financing Activities (RM'000)	(18,616)	(5,951)	<b>(9,672)</b>
Net Cash Flows	(5,902)	(4,665)	<b>(7,419)</b>

For the financial year ended 31 December 2025, the Group generated net cash from operating activities of RM6.8 million, representing a decline of 24.8% from RM8.9 million in the previous year. The reduction in operating cash flow reflects the combined impact of lower profitability due to cost pressures and foreign exchange losses, partially offset by continued improvements in working capital management, including more disciplined inventory and receivables collection practices.

Cash outflows from investing activities amounted to RM4.5 million, a decrease of 41.4% compared to RM7.7 million in FYE 2024, primarily attributable to lower capital expenditure during the year, particularly reduced investment in property, plant and equipment.

Financing activities during the year resulted in a cash outflow of RM9.7 million, compared to RM5.9 million in the previous year, representing an increase of 62.5%. The higher outflow was attributable primarily to repayment of borrowings and financing obligations, reflecting the Group's prudent approach to capital management, as well as cash allocations to fund strategic initiatives and expansion projects. Overall, net cash flow for the year stood at an outflow of RM7.4 million, a significant increase from the RM4.7 million outflow in FYE 2024, driven by the combined effects of operational, investing, and financing activities.

As at the year-end, cash and bank balances stood at RM12.7 million, compared to RM18.6 million in the previous year. This level of liquidity, alongside a controlled borrowing position of RM37.0 million, down 11.6% from RM41.8 million in FYE 2024, demonstrates the Group's ability to maintain a balanced capital structure while supporting ongoing operational and strategic requirements. The consistent gearing ratio over the past three years underscores the Group's disciplined approach to leverage, providing financial flexibility to navigate market uncertainties and invest in growth opportunities.

Overall, the Group remains focused on sustaining cash flow resilience through operational efficiency, prudent capital allocation, and disciplined funding management, positioning it to support both ongoing business operations and strategic expansion initiatives.

# Management Discussion and Analysis

## Operation Overview

### Operational Excellence

The commencement of operations of Comfort Green Tyre Sdn Bhd in October 2024 represents a key execution milestone in the Group's diversification strategy, moving beyond tyre retreading into the manufacturing of new tyres. The initial focus on solid tyres for forklifts is aligned with demand from the logistics, warehousing and industrial sectors, where usage intensity and durability requirements support more stable and recurring replacement cycles.

From an operational standpoint, this expansion allows the Group to leverage its existing rubber compounding capabilities while introducing a new production line with different demand drivers. This is expected to improve revenue mix over time by reducing concentration on retreading-related activities and enhancing earnings resilience through exposure to industrial applications.

In tandem with this expansion, the Group has begun strengthening its international footprint through Comfort Green, with a targeted focus on markets such as Korea, Japan, China, Turkey, Italy and the Netherlands. These markets were identified based on their established industrial base, demand for material handling equipment and established distribution channels.

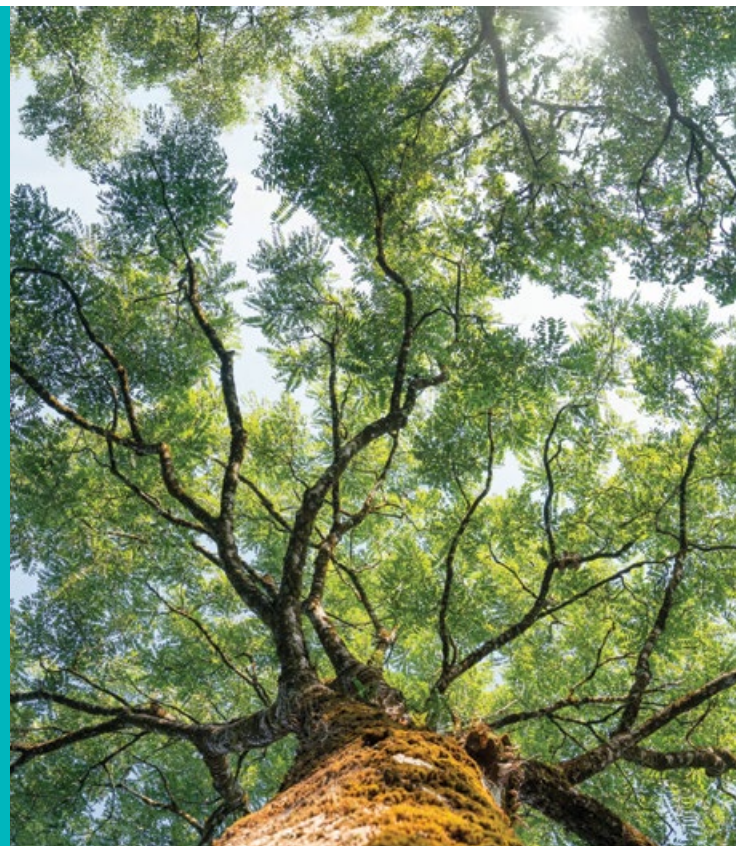
During the year, operational priorities remained centred on improving manufacturing efficiency and strengthening cost control measures. The Group also continued to navigate labour-related challenges arising from tighter foreign worker regulations. In response, operational adjustments were implemented to enhance labour productivity, including workflow restructuring and selective automation, with the aim of maintaining output levels without a proportionate increase in manpower.

Separately, through Eversafe Retreading Solution Sdn Bhd, the Group continued to deepen its presence in both existing and new markets. Efforts during the year focused on strengthening distribution capabilities, enhancing customer engagement and refining product offerings to better meet application-specific requirements. This includes ongoing development of customised compounds and tread designs to address varying operating conditions across different regions.

### Sustainability and Operational Integration

During the financial year, the Group initiated a more structured approach towards sustainability, with an emphasis on integrating environmental and operational considerations into its business processes. Key steps undertaken include the establishment of baseline data collection systems to support ESG performance tracking, alignment with recognised reporting frameworks to guide disclosures and performance monitoring and identification of priority areas, such as resource consumption, waste management as well as emissions.

While these efforts remain at an early stage, they provide the foundation for more systematic management of sustainability-related risks and opportunities. Over time, improved visibility of operational data is expected to support more informed decision-making, particularly in areas such as energy efficiency, material usage and process optimisation. Further details are set out in the Sustainability Statement on pages 39 to 60 of this Annual Report.



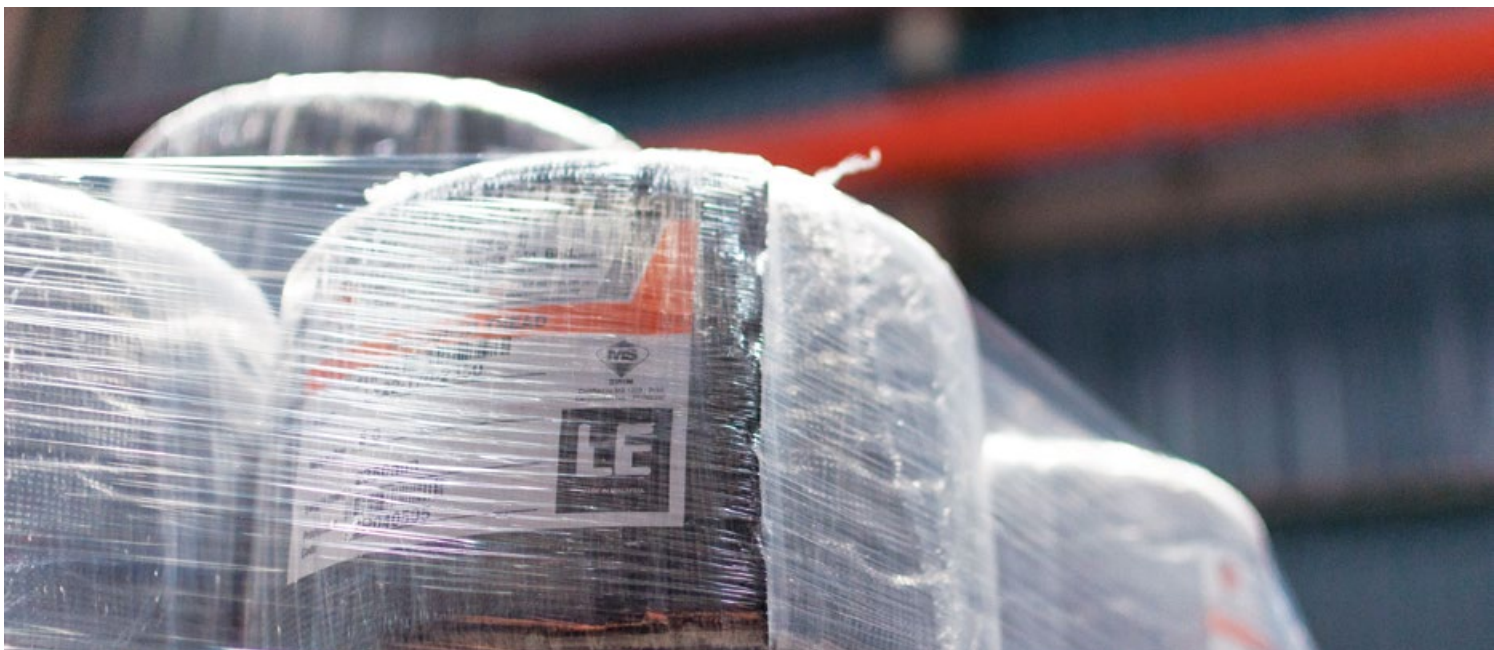
# Management Discussion and Analysis

## Operation Overview (Cont'd)

### Risk Management Overview

The Group continues to monitor and manage key risks arising from its operating environment, with mitigation measures embedded within its operational and financial processes.

<b>Market Demand Risk</b>	Demand for the Group's products is influenced by activity levels in the automotive, logistics and industrial sectors. Variability in these sectors may affect sales volumes and capacity utilisation.	Mitigation: The Group continues to diversify its product portfolio and expand into new segments, including industrial tyres, to reduce reliance on any single demand driver.
<b>Foreign Exchange Risk</b>	The Group is exposed to foreign currency fluctuations, particularly in USD, arising from export sales and procurement of raw materials. This may impact cost structure and margins.	Mitigation: The Group adopts a natural hedging approach by balancing foreign currency inflows and outflows, supplemented by formal hedging policies, where applicable.
<b>Regulatory Risk</b>	Operations across multiple jurisdictions expose the Group to varying regulatory requirements, including environmental, labour and trade regulations.	Mitigation: Continuous monitoring of regulatory developments and adherence to applicable compliance requirements across all operating locations.
<b>Supply Chain Risk</b>	The Group's operations are dependent on the availability and pricing of key raw materials, particularly natural rubber and chemical inputs. Supply disruptions or price volatility may impact production costs.	Mitigation: Diversification of supplier base, forward planning of procurement and maintaining appropriate inventory levels.
<b>Credit Risk</b>	Exposure to customer credit risk may affect cash flow and working capital management.	Mitigation: Implementation of credit control measures, including customer credit assessments, monitoring of receivables and structured credit terms.



# Management Discussion and Analysis

## From Core Capabilities to Future Possibilities

Looking ahead, the Group remains cautiously optimistic, anchored by its established core capabilities and ongoing efforts to strengthen operational resilience. The external operating environment is expected to remain challenging, with macroeconomic uncertainties, raw material price volatility and foreign exchange fluctuations continuing to exert pressure on revenue growth and profit margins.

Against this backdrop, the Group is placing strong emphasis on reinforcing its operational fundamentals. Efforts to improve productivity, enhance process efficiency and maintain disciplined cost management are being intensified to mitigate the impact of external cost pressures. At the same time, the Group is progressively integrating sustainability considerations into its operations, recognising that stronger environmental and governance practices will be increasingly important in meeting regulatory expectations and supporting long-term competitiveness.

While near-term conditions may remain constrained, the Group's integrated business model and diversified geographical presence provide a level of stability and flexibility in navigating market cycles. The expansion into new tyre manufacturing through Comfort Green Tyre Sdn Bhd represents a key step in broadening the Group's revenue base, while ongoing initiatives to strengthen export markets and distribution networks are expected to support future growth.

Moving forward, the Group will continue to scale up its new manufacturing segment while driving operational improvements across existing businesses to support margin recovery. At the same time, efforts to expand its international footprint and deepen market penetration will remain a priority, alongside the continued advancement of sustainability practices as part of its broader strategic direction.

Although the outlook remains subject to external uncertainties, the Group's focus on strengthening its core capabilities provides a solid foundation to capture emerging opportunities. With a clear strategic direction and sustained emphasis on operational discipline, Eversafe is well-positioned to translate its strengths into sustainable growth and long-term value creation.

## Dividend

The Company does not currently have a formal dividend policy and has no immediate plans to establish one. The Group remains focused on reinvesting earnings to support business expansion and operational growth.

# Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance (“**MCCG**”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. This Statement on Risk Management and Internal Control by the Board is made in respect of the financial year ended 31 December 2025 pursuant to Rule 15.26 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as well as Principle B of the MCCG.

## Board’s responsibilities

The Board recognises the importance of maintaining a sound system of internal control and risk management practices in ensuring good corporate governance. The Board is responsible for the system of risk management and internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity in order to safeguard shareholders’ investment and the Group’s assets. The Board is committed to practicing good standards of corporate governance and will continue to improve on current practices.

However, limitations will be inherent in any system of internal controls and risk management whereby such systems are designed to mitigate and manage rather than eliminate risks. Hence, the Group’s system of internal controls can only provide a reasonable level of assurance against material losses to the Group.

The Board affirms that there are on-going or continuous processes for identifying, evaluating and managing significant risks faced by the Group through its systems of internal controls and risk management.

## Risk management and internal control process

The Board, having recognised that risk management is an integral part of the business operations of the Group, has undertaken the preparation of a risk management framework and assessment to identify, evaluate and manage the significant risks affecting the Group’s operations to ensure that high risk areas are adequately addressed at various levels within the Group. Its systems of internal controls and risk management primarily cover areas of general operations, production efficiency and effectiveness, health and safety measures, repair and maintenance procedures, inventory management, financial controls and reporting, compliance monitoring and process improvements.

In undertaking the functions of the Board with regards to risk management and internal controls of the Group, the Board is supported by the Audit Committee based on its clearly defined terms of reference. The Audit Committee has been tasked by the Board with the duty of reviewing and monitoring the adequacy and effectiveness of the Group’s risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under the Group internal control processes and procedures are part of the responsibilities of the key senior management of the Group.

The Group’s risk management and internal control governance oversight structure operates on a three lines defense model:



# Statement on Risk Management and Internal Control

## Risk management and internal control process (Cont'd)

The risk profile of the Group is established by undertaking risk mapping and assessments facilitated with the assistance of external risk management consultants whereby key risk areas for each of the critical business functions and activities of the Group were identified, assessed and categorised based on the likelihood of occurrence and the resultant impacts. Risk assessment has taken into consideration the following areas, among others, market changes and competition, cybersecurity, health and safety, human capital, regulatory changes, supply chain, etc. These were then documented as the Group risk register as part of the overall risk management framework of the Group and the same reviewed and deliberated by the Audit Committee with the assistance of the risk management consultants. The same exercise also identified the specific risk owners to facilitate the responsibility for actions in responding to risk management and a risk matrix is also generated to assist the management and the Board to prioritise their efforts and appropriately manage the different classes of risks. The risk profile and register will be continuously reviewed for updates due to external changes as well as addition of new business areas and/or key activities.

Internal controls have been implemented and will be continuously reviewed and improved, in particularly, for high risk areas within the Group. Regular review of the Group's performances and operations were conducted through periodic reporting, meetings and internal audit reviews. Upon review by the appointed internal auditors, the management team discusses with the Audit Committee on key control processes and procedures for areas of particularly high risk and/or concern to ensure adequate controls are always in place to mitigate any critical risks.

## Internal audit function

The internal audit function is in place to assist the Audit Committee in discharging its functions effectively. It is considered an integral part of the assurance framework to provide assurance on the adequacy and effectiveness of the risk management and internal control system of our Group. For the financial year under review, in addition to our own in-house internal auditor, Mr. Leong Yew Wah, the Audit Committee also appointed an independent professional firm to independently assess the adequacy and effectiveness of the corporate governance and internal control system and provide an independent and objective report on its observations. The internal audit function highlighted its findings, including recommendations to address the findings noted, via the issuance of internal audit reports directly to the Audit Committee. The internal audit reports, incorporating findings, recommendations, management comments and action plans with regard to the weaknesses and observations in the risk management and internal control system, were tabled at Audit Committee meetings and thereafter to the Board for further deliberation.

Follow-up audit has been conducted to ensure that recommended corrective action and compliance matters are being either put in place or implemented following any audit findings highlighted in the internal audit report for the financial year under review.

The cost of internal audit functions including fees paid to an independent professional firm for the financial year ended 31 December 2025 was RM67,500.

## Other Key Elements of Internal Control Systems

Other key elements of the Group's internal control system and environment are described below:

- The Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting.
- Standard operating policies and procedures were established to govern operations which are subject to periodic review and revision to accommodate changes in the business and operating environment as well as to comply with statutory and regulatory requirements.
- Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, our Board has also adopted the Anti-Bribery and Anti-Corruption Policy on 13 August 2020.

# Statement on Risk Management and Internal Control

## Information and communication

While the management has full responsibility in ensuring the effectiveness of internal control which it establishes, the Board has authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from the management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts.

## Review of the statement by external auditors

Pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in the Annual Report for the financial year ended 31 December 2025. Their review is performed in accordance with Audit and Assurance Practice Guide 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. The external auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control of the Group.

Audit and Assurance Practice Guide 3 does not require the external auditors to consider whether this Statement covers all risk and controls or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention to cause them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**SORMIC Guide 2025**") nor is this statement factually inaccurate.

## Review by the Board

The Board has reviewed the risk management and internal control system of the Group and is of the view that during the financial year and up to the date of issuance of this Statement, there were no material losses, contingencies or uncertainties arising as a result of weaknesses in the internal control system which would require separate disclosures in this Annual Report. The Board has also received assurance from the Chief Executive Officer that the risk management and internal control systems of the Group are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group. In addition, our internal auditor together with our external consultants work closely with our key senior management on the sufficiency and adequateness of our Group's internal controls for our day-to-day operations.

Premised on the preceding sections, the Board considers the system of internal controls as set out in this Statement to be satisfactory and the risks to be at acceptable level within the context of the Group's business and operating environment. Aware to the need of maintaining a robust risk management and internal control system in meeting the ever-changing needs of the Group, the Board will take measures to enhance this system as and when the need arises.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

This Statement on Risk Management and Internal Control has been approved by the Board of Eversafe Rubber Berhad on 15 April 2026.

# Audit Committee Report

The Audit Committee was established by the Board of Eversafe Rubber Berhad ("**Eversafe Rubber**" or the "**Company**") on 30 May 2016 with the primary objective of assisting the Board in discharging its duties and responsibilities and fulfilling its corporate governance responsibilities in relation to financial reporting, annual reporting, internal control structure, related party transactions and external and internal audit functions of the Group.

## Members of the Audit Committee

The Audit Committee comprises three (3) members, all of whom are non-executive directors.

The composition of the Audit Committee is as follows:

Ng Meng Kwai (Chairman)  
- Senior Independent Non-Executive Director

Tan Sri Dato' Dr. Sak Cheng Lum (Member)  
- Independent Non-Executive Chairman

Haji Mohd Isa Bin Haji Talib (Member)  
- Independent Non-Executive Director

The Audit Committee fulfils the requirements of Rule 15.09 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The terms of office and performance of the Audit Committee and each of its members shall be reviewed annually by the Nominating Committee of the company and members may be re-nominated and appointed by the Board.

## Attendance of Audit Committee meetings

A total of 5 meetings were held during the financial year ended 31 December 2025. The details of attendance of each member at the Audit Committee meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Ng Meng Kwai	5/5
Tan Sri Dato' Dr. Sak Cheng Lum	5/5
Haji Mohd Isa Bin Haji Talib	5/5

## Terms of reference of the Audit Committee

The terms of reference of the Audit Committee is published on the Company's website, [www.eversafe.com.my](http://www.eversafe.com.my).

# Audit Committee Report

## Summary of activities of the Audit Committee

The Audit Committee met 5 times during the financial year ended 31 December 2025 and this section sets out the main activities of the Audit Committee of Eversafe Rubber during this period.

### 1. Financial Reporting

The Audit Committee reviewed and deliberated on all the announcements of quarterly financial results made by the Company.

In addition, the Audit Committee also undertook the review of the annual audited financial statements of the Group including the accompanying directors' report. The Audit Committee ensures that the financial results and statements are prepared in a timely and accurate manner, complying with applicable accounting, regulatory requirements and financial reporting standards.

### 2. External Auditor

The Audit Committee deliberated and reviewed the scope of statutory audit and the audit plan as well as discussing with the external auditors the audit strategies and any implementation of new or revised accounting standards that may affect the Group in the current and coming financial years.

The Audit Committee also held a discussion with the external auditors after the completion of audit field works for any findings and observations of material concern and effects to the Group as well as to ensure that there were no restrictions on the scope of their audit.

The Audit Committee also encourages the external auditor to continuously engage with the Committee to ensure that issues affecting the Company and the Group can be flagged out in a timely manner. The Audit Committee also evaluated the independence and effectiveness of the external auditors and recommended to the Board on their re-appointment and audit fee.

### 3. Related Party Transaction/Recurrent Related Party Transaction

The Audit Committee will deliberate with the management on any related party transaction or recurrent related party transaction entered into between the Group and any related party to deliberate whether such transactions are to the best interest of the Group. In addition, the Audit Committee also reviewed the guidelines and procedures for recurrent related party transactions during the financial year under review.

During the financial year under review, the Group has not entered into any other new related party transactions while all recurrent related party transactions are reviewed by the Audit Committee on a quarterly basis. The Audit Committee has also reviewed the Circular to Shareholders on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

### 4. Conflict of Interest

The Audit Committee reviewed the policy on the framework and governance conflict of interest of the Group.

The Group outlines how they identify and manage Conflicts of Interest to avoid any conflict or potential conflict between their personal interests and the Group's interest. The policy is intended to provide guidance on how to deal with situations involving conflict of interest to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. Directors, Key Senior Management, and Employees of the Group are expected to disclose any potential conflicts that arise.

# Audit Committee Report

## Summary of activities of the Audit Committee (Cont'd)

### 5. Risk Management and Internal Control

The Audit Committee has assessed the risk and control environment of the Group through the Enterprise Risk Management Framework as well as the overall effectiveness of the risk management and internal control system of the Group. The Audit Committee had also reviewed the Statement on Risk Management and Internal Control prior to the recommendation to the Board for approval for inclusion in this Annual Report.

### 6. Internal Auditor

The Audit Committee oversees the conduct of internal audit periodically to ensure that review of the adequacy of the Group's internal control systems is carried out in a timely manner as well as ensuring operations are carried in compliance with existing internal controls. The Audit Committee also ensures that all internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.

To that end, for the financial year ended 31 December 2025, the Audit Committee reviewed the internal audit report which covered finance and administration, fixed asset management and information technology general controls. The Audit Committee also discussed the internal audit findings and issues with the internal auditor prior to presenting the same to the Board.

### 7. Others

The Audit Committee reviewed and made recommendations to the Board for this Annual Report pertaining to the Audit Committee Report, Corporate Governance Overview Statement and the Statement of Risk Management and Internal Controls.

In addition, the Chairman and members of the Audit Committee also engage on continuous basis with other Board members, the Executive Directors and with the management of the Group in order to be kept informed of the operations and management of the Group including any material events and/or matters affecting the operations of the Group as a whole.

This Audit Committee Report was approved by the Board of Eversafe Rubber on 15 April 2026.

# Corporate Governance Overview Statement

The Board of Eversafe Rubber Berhad (“**Eversafe Rubber**” or the “**Company**”) appreciates the importance of adopting high standards of corporate governance in the Company as well as its subsidiaries in order to safeguard stakeholders’ interests as well as enhancing shareholder value.

Pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**AMLR**”), this Corporate Governance Overview Statement (“**Statement**”) sets out how the Company has applied the 3 Principles and observed the Practices and Recommendations, of the Malaysian Code on Corporate Governance (“**MCCG**”) for the financial year ended 31 December 2025. Where a specific Recommendation of the MCCG has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in this Statement.

The Corporate Governance Report is available for download from the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises its key role in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review, evaluate, adopt and approve the strategic plans and policies for the Group;
- Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Group;
- Review and adopt budgets and financial results of the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of accurate financial information disclosure;
- Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- Ensure adequate measures are taken to protect all assets of the group and maximise their potential;
- Review, evaluate and approve any material acquisitions or disposals of undertakings and assets in the Group;
- Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- Establish and oversee a succession planning programme for the Group, including the remuneration and compensation policy thereof;
- Establish, review and implement corporate communication policies with the shareholders, investors, other key stakeholders and the public;
- Review and determine the adequacy and integrity of the internal control systems and management information of the Group; and
- Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Remuneration Committee and Nominating Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

## Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Board Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Board Charter as and when need arises to reflect changes to the Company’s policies, procedures as well as to comply with the latest regulations and legislations.

The full Board Charter is available on the Company’s website at [www.eversafe.com.my](http://www.eversafe.com.my).

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Charter (Cont'd)

The number of meetings of the Board and Board Committees held during the year was:

Types of Meetings	Number of Meetings
Board of Directors	5
Audit Committee	5
Nominating Committee	1
Remuneration Committee	1

The Board is bestowed with the duties and responsibilities to ensure the interest of the shareholders is protected. The Board delegates and confers some of its authority and discretion to the Independent Non-Executive Chairman, Executive Directors, Chief Executive Officer and Management as well as to respective Board Committees. Nonetheless, the Board retains full and effective control of the Group.

The Board oversees the performance of the Management to determine whether the business is being properly managed whereby the Chief Executive Officer/Executive Directors periodically reports to the Board on operational matters and is responsible to keep the Board informed on all matters which may materially affect the Group and its business.

The Non-Executive/Independent Directors, in general are independent from management. Their roles are to constructively challenge Management and contribute to the development of the business strategy and direction of the Company. They ensure effective checks and balances on the Board. They have free and direct contact with Management and engage with the external and internal auditors to address matters concerning Management. The role of Management is to support the Executive Directors and Chief Executive Officer in implementing and running of the general operations and business of the Group, in accordance with the delegated authority of the Board.

### Code of Conduct and Whistleblowing Policy

The Board recognises the importance of having in place a Code of Conduct, setting out the standards of conduct expected from Directors and employees, to cultivate and promote good corporate behaviour. The Company's Code of Conduct for employees also include provisions on conduct, which highlight, amongst others, the standards of integrity, transparency, fairness, accountability as well as contribution towards the social and environmental growth of the surroundings in which our Group operates. Meanwhile, the Board Charter sets out provision for disclosure and conflict of interest to be observed by Directors.

To ensure its implementation and effectiveness, new Directors and employees are introduced to the Code of Conduct upon induction. This serves as a way to ensure new Directors and employees understand the importance of ethics and the requirement to adhere to the Company's standards. The Code of Conduct is also reviewed as and when necessary as to ensure its relevance.

The Board, on 12 August 2017, approved the Whistleblowing Policy in ensuring our Group upholds our business ethics of honesty, integrity and transparency. A copy of the Whistleblowing Policy has been published on our Company's website. Any stakeholders suspecting any integrity issues, misconducts and/or fraud occurring in any of the companies within our Group are encouraged to lodge a report in writing, submitted via post or email to:

Audit Committee Chairman / Company Secretaries  
 Eversafe Rubber Berhad  
 Unit 1203, Level 12, Uptown 1  
 No. 1 Jalan SS21/58  
 Damansara Uptown 47400  
 Petaling Jaya Selangor Darul Ehsan

Email: [whistleblow@eversafe.com.my](mailto:whistleblow@eversafe.com.my)

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Sustainability of Business

The Board is mindful of the importance of business sustainability and in conducting the Group's business, our impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

### Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities.

Timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.

In addition, Board members are updated on the Group's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. However, during the financial year under review, the Directors did not encounter any situations requiring such advice. This procedure is formalised in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

### Composition of The Board

The Board currently comprises seven (7) members, of whom two (2) are Executive Directors, one (1) is an Non-Independent Non-Executive Director, and four (4) are Independent Non-Executive Directors. This composition fulfils the requirements set out under Rule 15.02(1) of the AMLR, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The Board also includes one (1) female Director. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of knowledge, skills, experience and expertise in areas such as public administration, tyre and tyre retreading, banking, accounting and audit and legal.

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Nominating Committee

The Nominating Committee, established by the Board with specific terms of reference which is available on the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my), comprises the following Directors as its members:

- Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)
- Mr. Cheah Eu Lee (Member)
- Mr. Ng Meng Kwai (Member)

The Nominating Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

The final decision on the appointment of Director in respect of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review, the Nominating Committee met once, to assess the Board, Board Committees and individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The evaluation took into consideration the competency, experience, character, integrity and time availability, including the mix of skills, of the Directors concerned. The Nominating Committee had also reviewed the Board composition, gender diversity and whether the Board possesses the right mix of skills and balance as well as considering the Board's succession planning and making recommendations for new appointment of Directors and Board Committees as well as identifying training programmes for the Board.

Following the amendments to the ACE Market Listing Requirements of Bursa Securities, the Board adopted a Directors' Fit & Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit & Proper Policy is available for download from the Company's website at [www.eversafe.com.my](http://www.eversafe.com.my).

The Nominating Committee also recommends to the Board those Directors who are retiring at the forthcoming Annual General Meeting for re-election. Pursuant to the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' approval through a two-tier voting process should the Board wishes to retain such Director as an Independent Director. In compliance with the recommendation of MCCG, the Nominating Committee has reviewed and assessed the Independent Director who has served a tenure of more than nine (9) years in that capacity of the Company. Tan Sri Dato' Dr. Sak Cheng Lum, Ng Meng Kwai and Haji Mohd Isa Bin Haji Talib who were appointed as an Independent Non-Executive Director on 30 May 2016, whilst Ong Beow Chieh who was appointed as an Independent Non-Executive Director on 4 January 2017 have exercised objective and independent judgements on all Board deliberations and have not compromised their long relationship with other Board members. The Nominating Committee has recommended to the Board to seek shareholders' approval through a two-tier voting process for Tan Sri Dato' Dr. Sak Cheng Lum, Ng Meng Kwai, Haji Mohd Isa Bin Haji Talib and Ong Beow Chieh to be retained and re-elected as an Independent Director of the Company at the forthcoming AGM.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The evaluation of suitable candidates is solely based on the candidates' competency, character, time availability, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. Before an appointment is made by the Board, the Nominating Committee is required to evaluate the existing balance of skills, knowledge, experience and diversity on the Board, and in light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nominating Committee shall:

- consider candidates from a wide range of backgrounds and skills as considered appropriate;
- consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

Presently, the Board of Eversafe Rubber is made up of members who are diverse in skills, experience, age, cultural background and gender.

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Remuneration Committee

The Remuneration Committee, established by the Board with specific terms of reference, comprises the following Directors:

- Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)
- Haji Mohd Isa bin Haji Talib (Member)
- Dato' Seri Cheah Eu Kiat (Member) (Deceased on 24.01.2026)
- Cheah Eu Lee (Member) (Appointed on 26.02.2026)

The Remuneration Committee is responsible for reviewing and recommending the remuneration packages of Executive Directors and Non-Executive Directors as well as to review the general remuneration policy and procedures of the Group. Where a committee member's own remuneration is under discussion or deliberation, the said Director will abstain. The aggregate total of Directors' fees is subject to shareholders' approval at the Annual General Meeting. During the financial year under review, 1 meeting was held to review the remuneration packages of the Directors.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure that the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors will depend on their contribution to the Group in terms of their knowledge and experience.

The following section shows the summary of total remuneration paid to Executive and Non-Executive Directors by type of remuneration.

2025	Company		Subsidiaries				Total RM'000
	Fees RM'000	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits- in-kind RM'000	Others RM'000	
<b>Executive Directors</b>							
Dato' Seri Cheah Eu Kiat	35	20	240	-	28	32	355
Eu Ah Seng	35	-	216	-	17	23	291
Cheah Siang Tee	35	20	501	-	62	88	706
<b>Non-Executive Directors</b>							
Tan Sri Dato' Dr. Sak Cheng Lum	40	-	-	-	-	-	40
Cheah Eu Lee	35	15	-	-	-	11	61
Haji Mohd Isa Bin Haji Talib	35	-	-	-	-	-	35
Ng Meng Kwai	50	-	-	-	-	-	50
Ong Beow Chieh	35	-	-	-	-	-	35

The Group has in place a remuneration structure for all employees, including key senior management, with the intention of attracting, retaining and motivating employees. The remuneration structure is intended to reward employees according to the achievement of business and performance objectives. Pursuant to Practice 8.2 of the MCCG, the Company should disclose the remuneration components of 5 highest remunerated key senior management, on a named basis, including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. Notwithstanding the above, the Board is of the view that such disclosure should not be made publicly available as it will give rise to conflict as well as recruitment and talent retention issues.

# Corporate Governance Overview Statement

## **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

### **Reinforce Independence of the Board**

The Independent Non-Executive Directors contribute objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board recognises the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the AMLR. The independent directors have also declared their Independence status on a yearly basis to the Company.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as stated in the MCGG. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board wishes to retain such director as an independent director, the Board will justify and seek shareholders' approval through a two-tier voting process. In justifying the decision, the Nominating Committee is entrusted to assess and justify the candidate's suitability to continue as an Independent Director and the reasons for maintaining him as Independent Director would be disclosed in the Notice of Annual General Meeting. Presently, Tan Sri Dato' Dr. Sak Cheng Lum, Ng Meng Kwai, Haji Mohd Isa Bin Haji Talib and Ong Beow Chieh have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board through the Nominating Committee has assessed and determined that they have exercised objective and independent judgements on all Board deliberations and have not compromised their long relationship with other Board members. The Board, therefore, endorsed the Nominating Committee's recommendation for Tan Sri Dato' Dr. Sak Cheng Lum, Ng Meng Kwai, Haji Mohd Isa Bin Haji Talib and Ong Beow Chieh to be retained and re-elected as an Independent Director of the Company. Thus, the Board shall seek shareholders' approval through a two-tier voting process at the forthcoming AGM.

### **Foster Commitment of Directors**

The Board ordinarily meets at least 5 times a year. Their meetings are scheduled well in advance to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision-making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting of salient matters noted by the Audit Committee, if any, and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and the minutes are circulated in a timely manner.

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Board Meetings

There were 5 Board meetings held during the financial year ended 31 December 2025, with details of Directors' attendance set out below:

Name of Director	Attendance
Tan Sri Dato' Dr. Sak Cheng Lum	5/5
Dato' Seri Cheah Eu Kiat (Deceased on 24 January 2026)	5/5
Eu Ah Seng	5/5
Cheah Siang Tee	5/5
Cheah Eu Lee	5/5
Haji Mohd Isa Bin Haji Talib	5/5
Ng Meng Kwai	5/5
Ong Beow Chieh	5/5

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board is satisfied with the time commitment given by the Board members in carrying out their responsibility which is shown in the above attendance.

### Directors' Training – Continuing Education Programmes

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis. The Board, via the Nominating Committee, assesses the training needs of each Director on an annual basis in accordance with the Nominating Committee's Terms of Reference, by determining areas that would best strengthen their contributions to the Board.

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group. Amongst the training programmes, seminars and/or training attended by the Directors during the financial year ended 31 December 2025 are as follows:

Name of Director	Conferences, Seminars and/or Training
Tan Sri Dato' Dr. Sak Cheng Lum	Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)
Dato' Seri Cheah Eu Kiat	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme Part II: Leading for Impact (ILP)</li> <li>Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)</li> </ul>
Eu Ah Seng	Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)
Cheah Siang Tee	Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)
Cheah Eu Lee	Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)

# Corporate Governance Overview Statement

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Directors' Training – Continuing Education Programmes (Cont'd)

Name of Director	Conferences, Seminars and/or Training
Ng Meng Kwai	<ul style="list-style-type: none"> <li>• Sustainability Reporting and Assurance – A Roadmap for Accountancy Practitioners</li> <li>• Stay Ahead of IRB's Evolving Tax Enforcement Strategies</li> <li>• Preparing to transit from Existing MPERS to the New IFRS for SMEs</li> <li>• Going Concern Indicators and Managing Impairment of Assets and Restructuring Provisions</li> <li>• 2026 Budget Seminar</li> </ul>
Haji Mohd Isa Bin Haji Talib	Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)
Ong Beow Chieh	<ul style="list-style-type: none"> <li>• Understanding the recent Self-Assessment System for Real Property Gain Tax</li> <li>• Webinar – Understanding the Seven PDPA Principles</li> <li>• Kursus Pembaharuan Conference Ejen Cap Dagang Bil 3/2025</li> <li>• Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)</li> <li>• 5<sup>th</sup> Annual Conference on Corporate and Commercial Law</li> </ul>

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Malaysia, the annual financial statements of the Group and Company as well as the Annual Report.

### Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors as below:

- Mr. Ng Meng Kwai (Chairman)
- Tan Sri Dato' Dr. Sak Cheng Lum (Member)
- Haji Mohd Isa Bin Haji Talib (Member)

The detailed composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of pages 27 to 29 in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

A policy governing the provision of non-audit services by the external auditors, in view of maintaining their independence and objectivity, has been developed and adopted by the Audit Committee.

In assessing the independence of external auditors, the Audit Committee has obtained confirmation from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

# Corporate Governance Overview Statement

## **PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalised pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the AMLR of Bursa Securities, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders.

### **Shareholder Participation at General Meeting**

The Annual General Meeting (“**AGM**”) and/or Extraordinary General Meeting (“**EGM**”) are the principal forums for shareholder dialogue. The AGM allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification on any issues and to gain better understanding of the Group’s business affairs and performance. At the AGM or EGM, shareholders participate in deliberating resolutions being proposed or on the Group’s operations in general.

Notices of each AGM and EGM are issued in a timely manner to all shareholders. The Notice of AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group’s operations in general.

### **Communication and Engagement with Shareholders**

The Board recognises the importance of being transparent and accountable to the Company’s investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the AGMs and EGMs and through the Group’s website where shareholders can access pertinent information concerning the Group.

### **Statement of Directors’ Responsibility in Respect of the Financial Statements**

The Group’s financial statements have been drawn up in accordance with the applicable accounting standards in Malaysia and the Companies Act 2016. The financial statements give a true and fair view of the state of the affairs of the Group at the end of the financial year, and of the profit and cash flows for the financial year.

In preparing the financial statements, the Directors are also responsible for:

- The adoption of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable;
- Ensuring that all applicable financial reporting standards have been followed; and
- Preparing financial statements on a going concern basis as the Directors have reasonable expectations, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets and to prevent fraud or other irregularities in the Group.

This Corporate Governance Overview Statement has been approved by the Board of Eversafe Rubber on 15 April 2026.

# Sustainability Statement

## Strengthening Foundations, Advancing Sustainable Growth

Eversafe Rubber Berhad (“**Eversafe**” or the “**Group**”) is pleased to present its Sustainability Statement for the financial year ended 31 December 2025 (“**FYE 2025**”). This Statement marks a continued step forward in strengthening the Group’s sustainability integration and enhancing its environmental, economic, social and governance (“**EESG**”) practices across operations. As part of this progression, Eversafe remains committed to aligning its sustainability efforts with the requirements of Bursa Malaysia Securities Berhad, while also referencing internationally recognised frameworks, including the United Nations Sustainable Development Goals. The Group aspires to create long-term value for its stakeholders by embedding sustainable practices into its business operations, strengthening resilience, and supporting responsible growth in an evolving operating landscape.

### Reporting Overview

#### Scope and Basis of Reporting

This Sustainability Statement outlines Eversafe’s sustainability approach, initiatives, and performance for FYE 2025, unless otherwise stated. The scope of this Statement covers operations under the Group’s operational control in Malaysia, comprising the following subsidiaries:

<b>Eversafe Retreading Solution Sdn Bhd</b>	<b>Eversafe Rubber Processing Sdn Bhd</b>
<b>Olympic Retreads (M) Sdn Bhd</b>	<b>Comfort Green Tyre Sdn Bhd</b>

The Statement encompasses the Group’s core business activities, namely the development, manufacturing and distribution of tyre retreading materials, as well as tyre retreading operations. Operations in China and Hong Kong have been excluded from the current reporting scope as they fall outside Malaysia and the relevant sustainability data is not presently available. The Group will progressively assess the inclusion of these operations in future reporting cycles as data collection capabilities improve.

#### Reporting Framework and Standards

This Sustainability 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 (3<sup>rd</sup> Edition) (“**SRG**”). Where relevant, the disclosures are also guided by the Global Reporting Initiative (“**GRI**”) Standards and aligned with the United Nations Sustainable Development Goals (“**UNSDG**”).



Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition)



United Nations Sustainable Development Goals (UNSDGs)



Global Reporting Initiative (GRI) Standards

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

# Sustainability Statement

## Reporting Overview (Cont'd)

### Assurance and Data Reliability

This Sustainability Statement has not been subjected to internal audit review or independent external assurance for the current reporting cycle. The Group has established internal processes and controls to support the accuracy and completeness of the data reported. Sustainability data is compiled from respective business units and reviewed by designated personnel prior to consolidation at the Group level. Where applicable, standardised methodologies and assumptions are applied to promote consistency in reporting.

Moving forward, Eversafe will progressively enhance the accuracy, completeness, and reliability of its sustainability disclosures. The Group is targeting to strengthen internal data validation processes over the next one to two reporting cycles, with the intention of moving towards formal external assurance thereafter.

### Stakeholder Feedback

Eversafe welcomes and encourages stakeholders to provide feedback on this Sustainability Statement and the matters addressed herein. Stakeholder input plays an important role in strengthening the Group's sustainability approach and enhancing the quality and relevance of future disclosures. Enquiries or feedback may be directed to:

<b>Email</b>	: enquiry@eversafe.com.my
<b>Tel. No.</b>	: +605 2910599

## Sustainability Governance



Eversafe has established a governance structure to support the effective oversight and management of sustainability matters across the Group. The Board of Directors holds ultimate responsibility for overseeing the Group's sustainability agenda, including setting strategic direction, monitoring performance, and ensuring that sustainability considerations are integrated into overall business strategies and decision-making processes.

The Management team supports the Board by driving the management of sustainability strategies and ensuring alignment with the Group's corporate objectives, policies, and operational priorities. To further strengthen execution at the operational level, the Group has established a Sustainability Committee responsible for the day-to-day implementation of EESG initiatives. The Committee plays a key role in identifying sustainability risks and opportunities, monitoring progress against established targets, and facilitating the integration of sustainable practices across business functions.

Working closely with various departments, the Committee also promotes a culture of continuous improvement, supporting the Group's long-term objective of enhancing sustainability performance and resilience.

# Sustainability Statement

## Materiality Assessment

During FYE 2025, Eversafe undertook a materiality assessment as an initial step towards systematically identifying and managing sustainability priorities across the Group. The assessment was conducted through a structured internal review involving key management personnel across relevant functions, including operations and corporate roles. A range of environmental, social and governance matters were considered, taking into account the Group's business activities, operational footprint, regulatory expectations, and industry-related risks and opportunities, in line with the recommendations of the Bursa Malaysia SRG. These matters were evaluated based on their potential impact to the Group as well as their relevance to key stakeholder. The outcome of this process enabled the Group to identify and prioritise material sustainability matters, forming the basis of its sustainability focus areas. The Group will continue to enhance its materiality approach over time, including through broader stakeholder engagement and the development of measurable targets and performance indicators.

## Stakeholder Engagement

Through internal management deliberation, Eversafe has identified its key stakeholder groups based on their level of influence on, and dependence upon, the Group's operations. The Group's principal stakeholders include; Board of Directors, Employees, Shareholders, Customers, Suppliers and Government agencies and regulators as well as the Local Communities.

Eversafe recognises that these stakeholders both influence and are impacted by the Group's business activities. As such, the Group is committed to maintaining open, transparent, and constructive engagement through both formal and informal communication channels. These engagements provide valuable insights into stakeholder expectations, enabling the Group to better align its sustainability priorities, enhance decision-making processes, and support continuous improvement across its EESG practices.

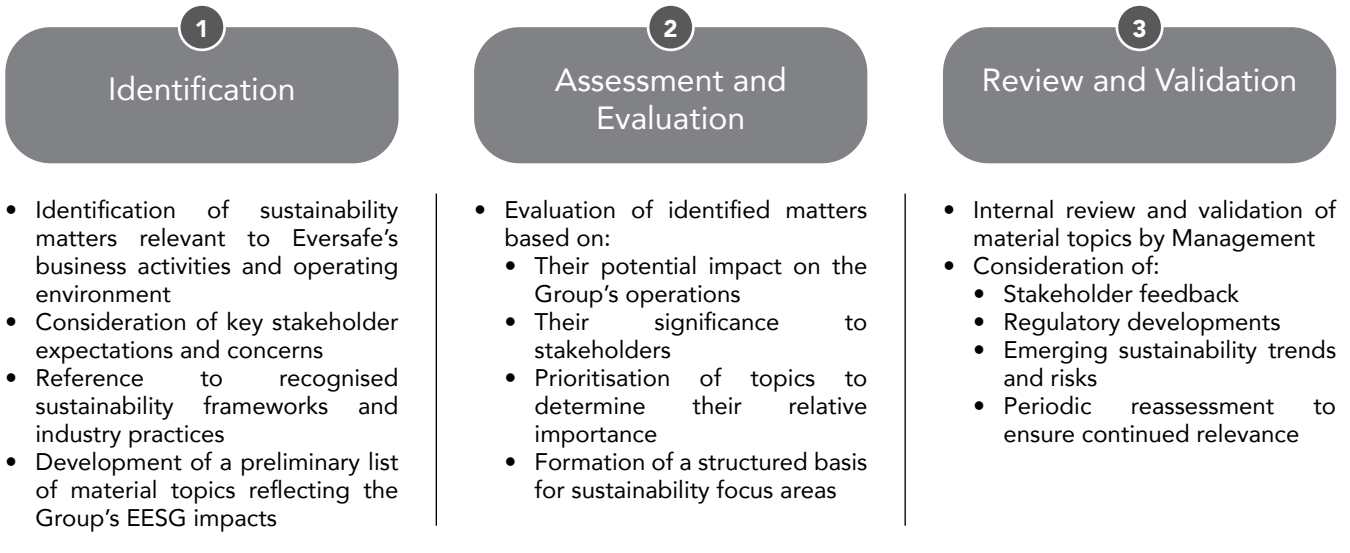
Key Stakeholders	Topic of Interest / Concerns	Method	Frequency
Board of Directors	<ul style="list-style-type: none"> <li>Group's business and financial performance</li> <li>Management and corporate governance</li> <li>Risk management</li> <li>Strategies and plans toward value creation</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings, reporting review and approval, training and awareness sessions, and committee oversight</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Quarterly</li> <li>Annually</li> <li>As needed</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Management and corporate governance</li> <li>Business growth and strategic direction</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meetings, circulars and annual reports, website updates/disclosures, electronic voting or proxy form and press releases</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> <li>As needed</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Career development and upskilling opportunities</li> <li>Health and safety at the workplace</li> <li>Remuneration, welfare and benefits</li> <li>Inclusive workplace</li> <li>Fair employment practice</li> </ul>	<ul style="list-style-type: none"> <li>Surveys/ feedback/ appraisal, townhall/ dialogue sessions, training and career development programmes, Code of Conduct, and internal communications (email, newsletter, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Biannually</li> <li>Annually</li> <li>As needed</li> </ul>
Customers/ Clients	<ul style="list-style-type: none"> <li>Products and service quality</li> <li>Consumer data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Feedback channel/ helpdesks, and engagement at tradeshows/ expos</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>As needed</li> <li>Annually</li> </ul>
Suppliers/ Contractors	<ul style="list-style-type: none"> <li>Transparent and fair procurement processes</li> <li>Legal compliance</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Code of Conducts, contracts and legal compliance, site visits and meetings, transparent and fair procurement practices and effective pricing/ prompt payments</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>As needed</li> </ul>
Local Communities/ Society	<ul style="list-style-type: none"> <li>Community welfare &amp; continued livelihood</li> </ul>	<ul style="list-style-type: none"> <li>Townhall meetings/ dialogue sessions and community programmes</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>
Government Agencies/ Regulators	<ul style="list-style-type: none"> <li>Compliance with applicable licenses and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Compliance submission, dialogue sessions, and site inspections</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>As needed</li> </ul>

# Sustainability Statement

## Materiality Assessment (Cont'd)

### Identification of Material Matters

Eversafe’s materiality assessment process is guided by the Bursa Malaysia SRG and is conducted through a structured internal methodology comprising three (3) key steps; (1) Identification – Determining a broad list of potential sustainability matters relevant to the Group’s industry and operating environment, (2) Evaluation – Assessing these matters based on their significance to the Group’s business operations and their impact on stakeholders. Significance was determined through qualitative internal assessment, taking into consideration factors such as potential operational impact, regulatory relevance, financial implications, and importance to key stakeholders, and (3) Validation – Reviewing and confirming the prioritised matters through internal management discussions and consolidation. This structured approach ensures that the Group’s sustainability focus remains balanced, relevant, and aligned with both business objectives and stakeholder considerations.



Based on this process, Eversafe has identified a set of key sustainability matters across economic, environmental and social dimensions, taking into consideration Bursa Malaysia’s common sustainability indicators and broader EESG considerations. These material matters form the basis of the Group’s sustainability strategy, guiding its efforts to integrate responsible practices into operations, strengthen resilience, and support long-term value creation for stakeholders.

Eversafe’s Material Matters:

Economic, Environmental, Social and Governance (EESG)		
Economic Performance	Energy and Emission	Diversity and Inclusion
Anti-Bribery and Corruption	Waste Management	Labour Practices and Standards
Supply-Chain Management	Water Management	Health and Safety

# Sustainability Statement

## Materiality Assessment (Cont'd)

### Sustainability Risks and Opportunities

Following the materiality assessment, Eversafe recognises that its identified material matters represent both potential risks and strategic opportunities. By embedding these considerations into its business strategy and operations, the Group aims to manage risks proactively while leveraging opportunities to enhance operational efficiency, innovation, and long-term resilience.

#### Economic and Governance

Economic performance remains fundamental to the Group's sustainability. External factors such as market volatility, cost pressures, and global economic uncertainties may pose risks to revenue growth and margin stability. In response, Eversafe continues to focus on improving operational efficiency, optimising cost structures, and exploring opportunities for business diversification.

Strong governance practices, including anti-corruption measures, ethical business conduct, and responsible supply chain management, are essential in safeguarding the Group's integrity and maintaining stakeholder trust. In addition, strengthening data governance and cybersecurity practices supports the Group's ability to operate effectively in an increasingly digital environment.

#### Environmental

Environmental considerations present both operational risks and opportunities for Eversafe. Energy consumption remains a key area of focus, as it directly impacts operating costs and environmental footprint. This creates opportunities for the Group to improve energy efficiency and explore lower-carbon alternatives over time.

Effective waste and water management practices are important in mitigating environmental risks, ensuring regulatory compliance, and enhancing resource efficiency.

Notably, the Group's core involvement in tyre retreading inherently supports circular economy principles by extending the lifecycle of tyres, reducing waste generation, and lowering overall environmental impact compared to new tyre production.

#### Social

The Group recognises that its workforce and surrounding communities are integral to its long-term sustainability. Workplace diversity and inclusion contribute to a more dynamic and innovative organisation, enabling the Group to attract and retain talent while fostering a collaborative working environment.

Occupational health and safety remain a key priority, given the operational nature of the Group's activities. Eversafe is committed to maintaining a safe and healthy workplace by implementing appropriate safety practices, monitoring workplace conditions, and promoting a strong safety culture to minimise incidents and protect employee wellbeing.

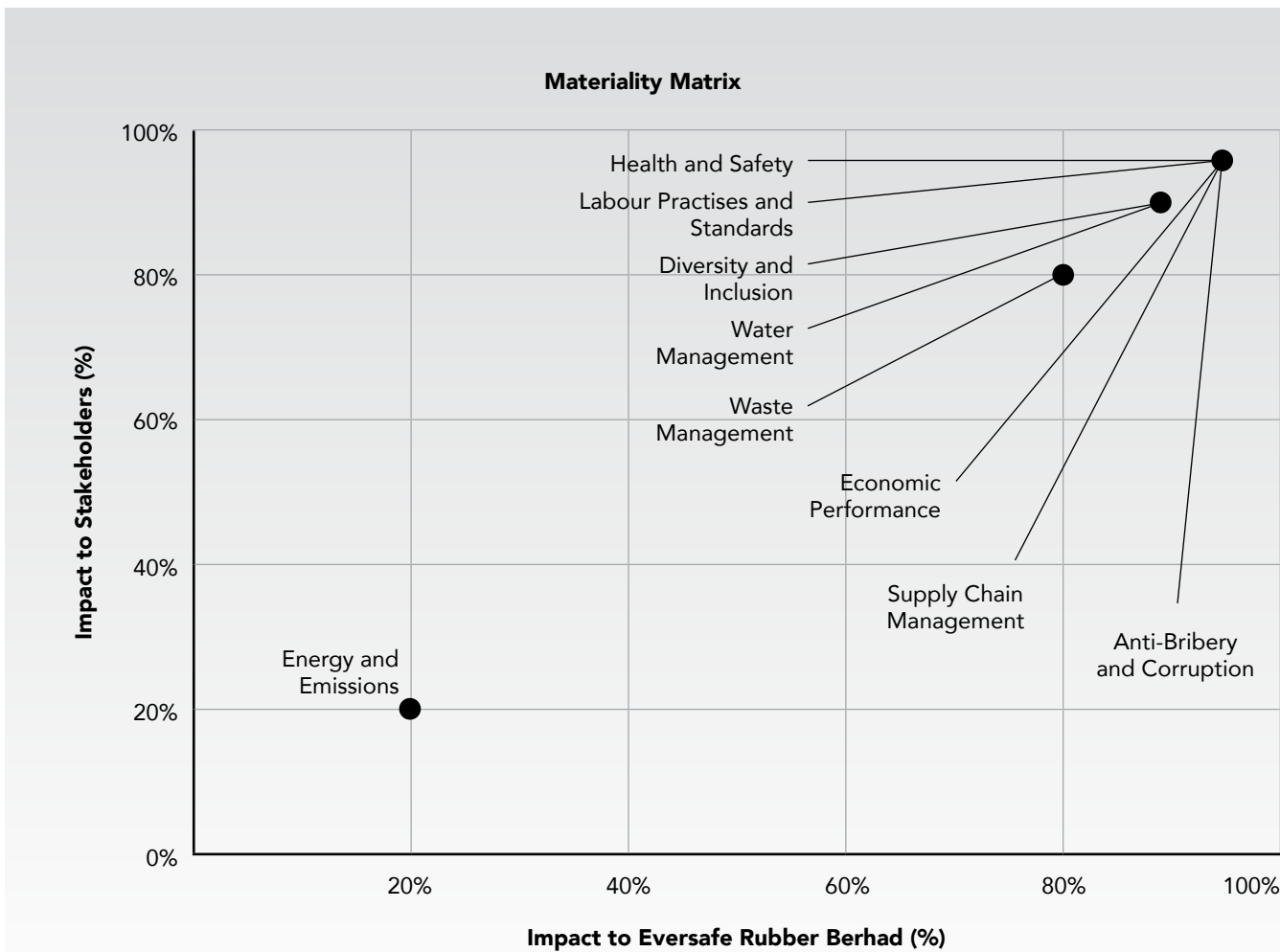
Beyond the workplace, the Group also seeks to maintain positive relationships with local communities, supporting social wellbeing and contributing to sustainable development within its areas of operation.

# Sustainability Statement

## Materiality Assessment (Cont'd)

### Materiality Matrix

Arising from the materiality assessment, Eversafe has identified and evaluated the sustainability matters most relevant to its operations and stakeholders. These matters are mapped onto a materiality matrix, which illustrates the relative significance of each issue based on its impact on the Group's business operations; and its importance to stakeholders. This matrix provides a structured and balanced view of the Group's key EESG priorities, supporting informed decision-making and guiding the Group's sustainability focus areas moving forward.



**Economic and Governance matters**

- Economic Performance
- Supply Chain Management
- Anti-Bribery and Corruption

**Environmental matters**

- Energy and Emissions
- Water Management
- Waste Management

**Social matters**

- Health and Safety
- Diversity and Inclusion
- Labour Practises and Standards

# Sustainability Statement

## Sustainability Progress and Performance

### Economic and Governance matters

## Economic Performance

Economic performance underpins Eversafe's ability to sustain its 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 long-term business resilience.

The Group's economic performance reflects its ability to generate and distribute value while maintaining financial discipline and operational efficiency. Eversafe monitors its performance through key indicators, namely; Economic Value Generated, Economic Value Distributed and Economic Value Retained. Collectively, these indicators provide a comprehensive view of value creation and allocation across the Group's operations.

	Financial Year Ended 2023 ("FYE 2023") RM	Financial Year Ended 2024 ("FYE 2024") RM	Financial Year Ended 2025 ("FYE 2025") RM
<b>Economic Value Generated ("EVG")</b>			
Revenue and other income	120,585,605	99,233,751	<b>109,560,080</b>
<b>Economic Value Distributed ("EVD")</b>			
Operating costs	101,558,624	85,614,538	<b>97,952,677</b>
Employee wages and benefits	13,862,531	14,672,703	<b>15,268,751</b>
Payment to capital provider	2,729,787	2,270,573	<b>2,343,704</b>
Payment to the Government	(944,299)	1,917,980	<b>12,295</b>
Total Value Distributed	117,206,643	104,475,794	<b>115,577,427</b>
<b>Economic Value Retained ("EVR")</b>			
	3,378,962	(5,242,043)	<b>(6,017,347)</b>

In FYE 2025, Eversafe recorded an EVG of RM109.56 million (FYE 2024: RM99.23 million), driven by stronger business activities and improved operational efficiency. EVD amounted to RM115.58 million (FYE 2024: RM104.48 million), reflecting higher employee-related expenses, operating costs, and payments to stakeholders in line with increased business activities.

Consequently, the Group recorded a negative EVR of RM6.01 million in FYE 2025, reflecting that economic value distributed exceeded value generated during the year, largely attributable to elevated operating costs and higher stakeholder-related expenditures. This reflects a short-term reduction in retained value as the Group continues to support its operations and meet its financial commitments.

### Way Forward

Moving forward, Eversafe 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, ensuring effective capital allocation to sustain value creation, reinforce stakeholder confidence, and support long-term resilience.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Economic and Governance matters (Cont'd)

## Anti-Bribery and Corruption

Eversafe recognises that bribery and corruption can erode shareholder value, undermine investor confidence, and hinder sustainable growth. Maintaining a strong stance against such practices is essential to safeguarding the Group's reputation, ensuring regulatory compliance, and building trust with stakeholders. This commitment aligns with UNSDG 16: Peace, Justice and Strong Institutions, which promotes transparency, accountability, and the reduction of corruption in all forms.

### Anti-Bribery and Corruption Framework

Eversafe adopts a zero-tolerance approach towards bribery and corruption, guided by its Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"). The policy establishes clear principles and procedures to prevent, detect, and respond to corruption-related risks across all operations. The Group's ABAC framework is anchored on the following principles:

Upholding good governance, integrity, honesty, and transparency

Ensuring compliance with applicable laws, regulations, and internal policies

Prohibiting all forms of bribery and corrupt practices

Strengthening internal controls to support effective corruption prevention

These principles are reinforced through the Group's Employee Handbook and Code of Conduct, ensuring that expectations relating to ethical behaviour are clearly communicated and consistently applied across the organisation. The ABAC Policy is subject to periodic review to ensure continued compliance with the Malaysian Anti-Corruption Commission Act 2009 (as amended in 2018), reflecting the Group's commitment to maintaining high standards of corporate governance.

### Corruption Risk Management

Eversafe conducts periodic assessments to identify and evaluate corruption-related risks across its operations, enabling the Group to address potential vulnerabilities in a timely and structured manner. Oversight of corruption risk management is provided by the Board of Directors through the Audit and Risk Management Committee, ensuring accountability and effective governance. In FYE 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 (%)

FYE 2025

100%

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Economic and Governance matters (Cont'd)

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

### Training and Awareness

Eversafe is committed to fostering a culture of integrity through continuous education and awareness initiatives. As outlined in the ABAC Policy, the Group provides relevant training, communication, and resources to ensure employees understand anti-corruption requirements and their roles in upholding ethical standards. Key initiatives include; anti-bribery and corruption training and assessments, mandatory onboarding programmes for new employees and periodic refresher training tailored to operational needs. In FYE 2025, 100% of employees across all categories received anti-corruption training, reinforcing consistent understanding and application of ethical practices throughout the organisation.

Total percentage of employees who have received training on anti-corruption across all categories (%)

FYE 2025

**100%**

### Incidents and Compliance

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

### Whistleblowing Mechanism

Eversafe 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 whistleblowing framework is overseen by the Audit Committee and supported by the Internal Audit function, ensuring independence, proper escalation, and timely resolution of reported matters.

Reports may be submitted via the designated channel at [whistleblow@eversafe.com.my](mailto:whistleblow@eversafe.com.my), which is accessible to both internal and external parties. Relevant governance policies are also made available on the Group's website, reinforcing transparency and accountability.

### Way Forward

Eversafe will continue to strengthen its anti-bribery and corruption framework by enhancing internal controls, expanding training coverage, 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, accountability, and good governance remain embedded in its business practices.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Economic and Governance matters (Cont'd)

## Supply Chain Management

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

Eversafe recognises that responsible procurement practices are fundamental to long-term success. The Group's procurement activities are guided by internal policies to ensure that supplier engagements are conducted in a transparent, ethical, and accountable manner. In this regard, Eversafe seeks to establish long-term partnerships with suppliers that demonstrate shared commitments to quality, sustainability, and responsible business conduct.

The Group has commenced tracking of procurement practices, with a focus on local sourcing in alignment with the Bursa Malaysia SRG. This forms part of the Group's ongoing efforts to strengthen supply chain sustainability reporting and visibility over procurement activities. 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.



### Supplier Engagement and Responsible Sourcing

Eversafe engages its suppliers through structured processes designed to promote accountability, transparency, and continuous improvement across the supply chain. Key practices include; adoption of a Supplier Code of Conduct outlining expectations on ethical and responsible business practices, compliance with contractual obligations and applicable regulatory requirements, periodic supplier engagement, including performance discussions and operational reviews, fair and transparent procurement practices, including pricing evaluation and payment terms. Through consistent engagement, the Group fosters strong, trust-based relationships with its suppliers while encouraging alignment with its sustainability and ethical standards.

### Way Forward

Moving forward, Eversafe aims to further strengthen its supply chain resilience by enhancing its supplier evaluation and monitoring 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

## Sustainability Progress and Performance (Cont'd)

### Environmental matters

## Energy and Emission

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

Eversafe recognises the importance of addressing climate change and has initiated steps towards establishing a structured, long-term approach to environmental management. The Group's current focus is centred on two key areas, energy management and greenhouse gas ("GHG") emissions, which represent the primary drivers of its environmental footprint.

As part of building this foundation, Eversafe has enhanced and formalised its energy and emissions data collection process to establish consistent baseline metrics that will support future target-setting and performance tracking. The Group's approach emphasises regulatory compliance, resource efficiency, and the gradual integration of climate-related considerations into business decision-making.

### Energy Efficiency and Optimisation

Energy efficiency remains a key priority as the Group advances its efforts to reduce environmental impact and improve resource utilisation. During FYE 2025, Eversafe implemented several initiatives to optimise energy usage across its operations, including; installation of energy-efficient LED lighting across operational facilities, adoption of solar photovoltaic systems at selected locations (where applicable) as well as promotion of energy conservation practices through the use of energy-efficient equipment and enhanced employee awareness.

These initiatives support the embedding of energy-conscious practices into daily operations, delivering both environmental benefits and cost efficiencies. The Group will continue to identify opportunities to enhance energy performance as part of its broader sustainability strategy.

### Energy Consumption and Monitoring

As energy consumption is a primary contributor to GHG emissions, monitoring and managing energy use is central to Eversafe's environmental strategy. During FYE 2025, the Group initiated structured data collection across its operations to establish a baseline for energy consumption. At this stage, electricity and fuel consumption (diesel) serve as the main indicators of energy use, forming the basis for future benchmarking and performance improvement.

	FYE 2023	FYE 2024	FYE 2025
Electricity purchased from the grid (kWh)	7,501,956	7,357,929	<b>7,410,460</b>
Fuel consumption from company-owned vehicles, machinery (Diesel) (litre)	58,869.45	59,827.98	<b>60,336.31</b>

	FYE 2023	FYE 2024	FYE 2025
Energy consumption (Gigajoules, "GJ")	29,279.40	28,797.90	<b>29,006.64</b>

In FYE 2025, Eversafe recorded total energy consumption of 29,006.64 GJ. The Group is progressively enhancing its ability to monitor energy utilisation across its operational sites through improved consolidation of utility records and internal operational data. As data quality and coverage improve, Eversafe will focus on identifying efficiency opportunities, setting measurable reduction targets, and strengthening its overall energy management practices.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Environmental matters (Cont'd)

## Energy and Emission (Cont'd)

### GHG Emissions

Managing GHG emissions is an integral component of Eversafe's long-term sustainability strategy. The Group's emissions monitoring approach is aligned with and the GHG Protocol Corporate Accounting and Reporting Standard, as well as Bursa Malaysia's SRG, 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 FYE 2025, Eversafe has commenced emissions tracking across selected Scope 1 and Scope 2 categories, primarily covering emissions arising from operational energy consumption. This represents an important first step in establishing a structured carbon accounting framework and improving visibility over the Group's emissions profile.

**FYE 2025**

#### Scope 1 – Direct GHG Emissions

Fuel consumption from company-owned vehicles, machinery (Non-renewable fuel) (tCO<sub>2</sub>e) **155.11**

*Grid emission factor used: DEFRA GHG conversion factors 2025 - Diesel (Average biofuel blend) = 2.57082 kg CO<sub>2</sub>e/litre*

**FYE 2025**

#### Scope 2 – Indirect GHG Emissions

Electricity consumption of facilities and operations (Location-based) (tCO<sub>2</sub>e) **5,735.70**

*Grid emission factor used: Peninsular Malaysia 2022 = 0.774 kg CO<sub>2</sub>e/kWh*

As data collection processes mature, the Group intends to progressively expand its reporting boundaries to include additional emission sources, including relevant Scope 3 categories where feasible. Insights derived from these efforts will support the development of targeted emissions reduction strategies and facilitate Eversafe's transition towards a lower-carbon operating model.

### Way Forward

Eversafe will continue to strengthen its climate management approach by enhancing data collection systems, improving monitoring capabilities, and establishing clearer performance targets for both energy consumption and GHG emissions. The Group aims to progressively integrate climate-related considerations into its operational and strategic decision-making processes, while exploring opportunities to adopt more energy-efficient technologies and sustainable practices. Through these ongoing efforts, Eversafe remains committed to reducing its environmental footprint and advancing towards a more climate-resilient and lower-carbon business model.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Environmental matters (Cont'd)

## Waste Management

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

In line with its environmental commitments, Eversafe adopts a structured approach to waste management, ensuring compliance with applicable environmental laws and regulations, including requirements set by the Department of Environment (DOE). Waste management practices are embedded within daily operations, supporting a systematic approach to waste handling, segregation, storage, and disposal.

### Waste Monitoring and Performance

Eversafe manages waste with a focus on manufacturing by-products, particularly rubber and plastic materials arising from its operations. The Group implements recycling and recovery initiatives where feasible, taking into consideration operational requirements, location constraints, and waste material types. Waste materials such as rubber and plastics are systematically collected, segregated, and tracked to monitor volumes and assess the proportion of waste diverted from disposal streams. In FYE 2025, Eversafe generated a total of 268.89 metric tonnes of waste. Of this, 144.09 metric tonnes (54%) were diverted from disposal through recycling and recovery efforts; and 124.80 metric tonnes (46%), primarily general waste, were disposed of in accordance with regulatory requirements.

	FYE 2023	FYE 2024	FYE 2025
Total waste generated (mt)	381.60	347.70	<b>268.89</b>
Total waste diverted to disposal (mt)	247.55	208.28	<b>144.09</b>
Total waste directed to disposal (mt)	134.05	139.41	<b>124.80</b>

These data points provide an important baseline for future performance benchmarking and the development of targeted waste reduction initiatives. During the year, the Group recorded zero environmental non-compliance incidents, reflecting adherence to regulatory requirements and the implementation of waste management controls.

In addition, Eversafe has undertaken initiatives to reduce single-use plastics within office operations and promote environmental awareness among employees, fostering a culture of responsibility across the organisation.

### Way Forward

Eversafe 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 measurable waste reduction targets and increase recycling and recovery rates over time. In parallel, Eversafe will explore opportunities to reduce waste generation at source through process optimisation and improved material efficiency within its manufacturing operations. These efforts support the Group's broader objective of advancing towards more sustainable and resource-efficient operations.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Environmental matters (Cont'd)

## Water Management

Water is a critical resource supporting both Eversafe'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 effective water resource management.

Eversafe 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.

### Water Efficiency and Conservation Practices

As part of its water management approach, Eversafe has adopted practical conservation measures, including; routine monitoring of water consumption across operational sites, periodic inspections to identify and address leaks or inefficiencies as well as internal awareness initiatives to promote responsible water usage among employees. These measures support improved water efficiency and form the foundation for ongoing enhancements in water management practices.

### Water Consumption and Monitoring

Eversafe has initiated water consumption tracking to better understand and manage its resource utilisation. In FYE 2025, the Group recorded total water consumption of 25,203.50 litres. The implementation of these tracking mechanisms enables the Group to identify consumption trends, improve operational efficiency, and support the development of measurable water reduction targets over time.

	FYE 2023	FYE 2024	FYE 2025
Total volume of water used (litre)	24,332.00	26,109.80	<b>25,203.50</b>

### Way Forward

Moving forward, Eversafe 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 continue to promote water conservation awareness among employees and explore initiatives to reduce water consumption intensity, reinforcing its commitment to responsible resource stewardship.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters

## Diversity and Inclusion

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

Eversafe 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 to diversity and inclusion extends beyond regulatory compliance and is embedded within its talent management practices, with a focus on; promoting equal opportunities across all levels of the organisation, encouraging gender diversity and balanced representation, cultivating a workplace culture grounded in fairness, transparency, and mutual respect. These efforts support stronger employee engagement, enhance organisational cohesion, and contribute to sustainable and inclusive growth.

### Board Diversity and Composition

As the highest governing body, the Board of Directors plays a critical role in shaping the Group'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, Eversafe is committed to maintaining diversity across gender, age, experience, and professional background.

Gender	Age Group	FYE 2023	FYE 2024	FYE 2025
Male	<30	0	0	<b>0</b>
	30-50	1	1	<b>1</b>
	>50	6	6	<b>6</b>
Female	<30	0	0	<b>0</b>
	30-50	0	0	<b>0</b>
	>50	1	1	<b>1</b>

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Diversity and Inclusion (Cont'd)

### Workforce Diversity Profile

Eversafe recognises that its workforce is central to its operational strength and long-term growth. In FYE 2025, the Group employed a total of 260 employees across its operations. Workforce composition is monitored across key demographics such as gender, age, and ethnicity to support informed decision-making in talent development and inclusion initiatives.

Employee Category	Gender	Age Group	FYE 2023	FYE 2024	FYE 2025
Senior Management	Male	<30	0	0	<b>0</b>
		30-50	10	10	<b>10</b>
		>50	5	5	<b>4</b>
	Female	<30	0	0	<b>0</b>
		30-50	0	0	<b>0</b>
		>50	1	1	<b>1</b>
Executive	Male	<30	0	0	<b>0</b>
		30-50	25	23	<b>21</b>
		>50	30	25	<b>24</b>
	Female	<30	0	0	<b>0</b>
		30-50	20	19	<b>19</b>
		>50	0	0	<b>0</b>
Non-Executive	Male	<30	85	80	<b>87</b>
		30-50	88	74	<b>70</b>
		>50	22	21	<b>21</b>
	Female	<30	2	0	<b>1</b>
		30-50	0	0	<b>0</b>
		>50	3	3	<b>2</b>

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Diversity and Inclusion (Cont'd)

### Workforce Diversity Profile (Cont'd)

Ethnicity	FYE 2023	FYE 2024	FYE 2025
Malay	87	58	<b>85</b>
Chinese	58	47	<b>32</b>
Indian	8	10	<b>8</b>
Others	138	146	<b>135</b>

Reflecting Malaysia's multicultural landscape, Eversafe'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.

### Way Forward

Eversafe 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.

## Labour Practices and Standards

Eversafe recognises that its employees are central to its long-term success. Upholding fair labour practices ensures dignity, equity, and respect in the workplace, while supporting a stable and productive workforce. This commitment aligns with UNSDG 8: Decent Work and Economic Growth.

The Group is committed to maintaining fair labour practices in compliance with applicable laws and regulations, including the Employment Act 1955 of Malaysia. This commitment is guided by internal policies and employee guidelines, which cover areas such as; fair treatment and equal opportunity, working hours, wages, and benefits as well as workplace conduct and expectations. Through structured policies and continuous monitoring, Eversafe seeks to maintain a respectful, safe, and inclusive working environment.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Labour Practices and Standards (Cont'd)

### Learning and Development

Continuous employee development is essential to sustaining operational excellence and long-term growth. During FYE 2025, Eversafe implemented a range of training programmes to enhance employee competencies across key areas, including:

Regulatory and compliance training	Occupational health and safety training
Technical and operational skills development	Programmes supported by Human Resource Development Corporation (HRD Corp)

These initiatives support both professional development and operational performance, reinforcing the Group's commitment to building a capable and future-ready workforce. Eversafe tracks total training hours as a key performance indicator to assess the effectiveness of its learning and development initiatives and to identify areas for improvement. In FYE 2025, 220 employees completed a total of 315 training hours.

Total training hours completed by employee (hours)

FYE 2025

**315**

### Employee Wellbeing and Engagement

Eversafe adopts a zero-tolerance approach towards discrimination and is committed to ensuring that all employees are treated with dignity and respect. During FYE 2025, the Group recorded zero reported incidents of discrimination or related grievances, reflecting a positive and inclusive workplace environment. Beyond regulatory compliance, Eversafe supports employee wellbeing through a structured benefits framework, which includes; parental and marriage leave, healthcare coverage and other employee welfare initiatives.

The Group has also established a standard notice period of 1 month for resignations and terminations, promoting transparency, mutual respect, and orderly workforce transitions. In FYE 2025, a total of 22 employees left the organisation, resulting in a workforce turnover rate of 8.5%.

Total number of employee turnover (number)

FYE 2025

**22**

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Labour Practices and Standards (Cont'd)

### Human Rights and Ethical Employment

Eversafe is committed to upholding fundamental human rights across its operations. This includes; prohibition of forced labour and child labour, ensuring fair and voluntary employment practices as well as providing clear and transparent employment terms. These principles are embedded within the Group's policies and operational practices. In FYE 2025, Eversafe recorded zero substantiated complaints concerning human rights violations.

### Way Forward

Eversafe 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.

## Health and Safety

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

Eversafe is committed to providing a work environment where employees can perform their duties safely and confidently. A strong safety culture not only safeguards employee wellbeing but also enhances productivity, reduces operational disruptions, and strengthens organisational resilience.

The Group has established an Occupational Health and Safety (OHS) Policy across its operations, supported by standard operating procedures and a structured hazard identification and risk assessment framework. These practices are aligned with relevant management system principles, including ISO 9001 and ISO 14001, where applicable.

Risk assessments are conducted periodically based on job scope to identify potential hazards, evaluate associated risks, and implement appropriate mitigation measures. These efforts are further supported by designated emergency response teams trained to manage workplace incidents and ensure preparedness in the event of emergencies. To reinforce a proactive and preventive safety culture, the Group conducts regular safety briefings, toolbox talks, and incident reviews across its operations.

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Health and Safety (Cont'd)

### Safety Training and Competency Development

Eversafe invests in training programmes to equip employees with the knowledge and skills required to maintain a safe working environment and respond effectively to potential hazards. During FYE 2025, the Group conducted various safety training and awareness programmes to strengthen workplace safety competencies and promote a culture of prevention. Key training initiatives included:



These programmes support continuous improvement in safety awareness and ensure that employees are adequately prepared to perform their duties safely. During FYE 2025, 220 employees were trained with safety competencies.

	FYE 2023	FYE 2024	FYE 2025
Number of employees trained on health and safety (numbers)	197	213	<b>220</b>

# Sustainability Statement

## Sustainability Progress and Performance (Cont'd)

### Social matters (Cont'd)

## Health and Safety (Cont'd)

### Safety Performance and Monitoring

Eversafe actively monitors key occupational health and safety performance indicators, including Lost Time Injuries (LTI), to assess the effectiveness of its safety management practices. In FYE 2025, the Group recorded 1 LTIs with total working hours of 126,095 hours.

Lost time incident rate (LTIR)

FYE 2025

**1.6**

Number of work-related fatalities (number)

FYE 2025

**Zero**

Ongoing monitoring and reporting of safety metrics enable the Group to identify trends, strengthen preventive measures, and enhance overall workplace safety performance. This systematic approach reflects the Group's commitment to maintaining high safety standards and continuous improvement.

### Way Forward

Eversafe will continue to strengthen its health and safety practices by enhancing training programmes, reinforcing risk management processes, and promoting a proactive safety culture across all levels of the organisation. The Group also aims to leverage data-driven insights to identify potential risks, prevent incidents, and continuously improve safety performance. Through these efforts, Eversafe remains committed to ensuring that workplace health and safety remains a core operational priority.

# Sustainability Statement

## Outlook

As Eversafe continues to strengthen its sustainability journey, the Group remains focused on building a solid foundation to support long-term, responsible growth. The initiatives undertaken in FYE 2025 represent an important starting point in establishing structured sustainability practices, enhancing data visibility, and embedding EESG considerations into core business operations.

Looking ahead, Eversafe recognises that sustainability is an evolving journey that requires continuous improvement, adaptability, and commitment. The Group will focus on enhancing its governance frameworks, strengthening data collection and monitoring systems, and progressively expanding the scope and depth of its sustainability disclosures in line with regulatory expectations and industry best practices.

In the near to medium term, Eversafe aims to:

Establish clearer performance targets and key performance indicators across material sustainability matters

Enhance data quality and coverage to support more robust tracking and reporting

Strengthen internal capabilities through training, awareness, and cross-functional integration of sustainability practices

Deepen stakeholder engagement to better align sustainability priorities with stakeholder expectations

At the same time, the Group will continue to explore opportunities to improve operational efficiency, reduce environmental impact, and strengthen responsible business practices across its value chain. This includes advancing energy and resource management efforts, reinforcing ethical governance standards, and fostering a safe, inclusive, and supportive workplace.

Guided by its commitment to “*Strengthening Foundations, Advancing Sustainable Growth*” Eversafe aspires to progressively integrate sustainability into its strategic decision-making processes, ensuring that economic performance is balanced with environmental stewardship and social responsibility.

Through these efforts, the Group remains confident in its ability to enhance resilience, create long-term value for stakeholders, and contribute positively to the broader economy, society, and environment.

## Additional Compliance Information

Other information required under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)

### Status of utilisation of proceeds

The Company did not raise funds through any corporate proposals during the financial year.

### Audit and non-audit fees

The following table shows the sum of audit and non-audit fees paid and payable to the Company’s external auditors during the financial year under review:

	Group		Company	
	Paid RM’000	Payable RM’000	Paid RM’000	Payable RM’000
Audit fees	-	218	-	25
Non-audit fees				
Fees for other services	-	6	-	6
Total	-	224	-	31

The paid amounts above are in relation to the fees incurred for the FYE 31 December 2025 which were paid during the financial year under review. The payable amounts are all in relation to fees incurred but not paid during the financial year under review.

### Material contracts involving directors and major shareholders’ interest

There were no material contracts entered into by the Group involving the interest of any directors and/or major shareholders not in the ordinary course of business, which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

### Disclosure of financial data for Shariah Screening

The following 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.

## Additional Compliance Information

### Disclosure of financial data for Shariah Screening (Cont'd)

#### (A) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 (RM)	2024 (RM)
Revenue		109,250,158	98,014,856
Other Income		309,922	1,218,895
Finance Income		194,670	176,987
<b>Total</b>		<b>109,754,750</b>	<b>99,410,738</b>
<b>Total Assets</b>		<b>99,431,178</b>	<b>115,831,200</b>

#### (B) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income	Conventional	194,670	176,987
<b>Total</b>		<b>194,670</b>	<b>176,987</b>

#### (C) Component of Financial Position

##### (i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Cash at bank (exclude cash in hand)		1,210,532	5,299,262
Deposits with licensed bank		1,011,273	1,002
Financial assets/instruments*		1,066,760	-
<b>Total</b>		<b>3,288,565</b>	<b>5,300,264</b>
<b>Conventional Account/Instruments</b>			
Cash at bank (exclude cash in hand)		2,929,078	11,573,199
Deposits with licensed bank		7,582,034	7,004,128
Short-term funds		1,198,199	1,106,636
<b>Total</b>		<b>11,709,311</b>	<b>19,683,963</b>

## Additional Compliance Information

### Disclosure of financial data for Shariah Screening (Cont'd)

#### (C) Component of Financial Position (Cont'd)

##### (ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
<b>Current</b>			
Term financing		<b>1,608,648</b>	1,455,026
<b>Non-Current</b>			
Trade financing		<b>4,387,694</b>	5,886,236
Total		<b>5,996,342</b>	7,341,262

Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
<b>Current</b>			
Banker's acceptances		<b>12,324,760</b>	15,505,737
Term loans		<b>4,029,574</b>	4,519,227
Revolving credit and loans		<b>1,500,000</b>	1,000,000
Bank overdrafts		<b>4,807,118</b>	4,523,045
Hire purchase payables		<b>168,448</b>	294,755
<b>Non-Current</b>			
Term loans		<b>8,333,265</b>	8,954,758
Hire purchase payables		<b>460,235</b>	415,122
Total		<b>31,623,400</b>	35,212,644

## Statement of Directors' Responsibility

The Directors are fully accountable for ensuring that the financial statements are drawn up in accordance with the requirements of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the operational results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 31 December 2025, the Directors have:

- (i) applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgments and estimates that are reasonable; and
- (iii) applied the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement of Director's Responsibility has been approved by the Board of Eversafe Rubber Berhad on 15 April 2026.

## 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 an investment holding company incorporated to manage various subsidiaries, which are involved in the manufacturing and sale of rubber based tyre retread products, new tyres and polymer products. The principal activities of the subsidiaries are mainly manufacturing, distribution, trading and sale of rubber based tyre retread products, new tyres and polymer products, provision of related services, investment holding and production and sales of rubber products and service of after sale of self-produced products. Further details of the subsidiaries are disclosed in Note 7 to the financial statements.

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

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Loss for the financial year, attributable to owners of the parent	<u>8,288,791</u>	<u>410,890</u>

### DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any other dividend in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

# Directors' Report

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

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

### Eversafe Rubber Berhad

Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP. (Deceased on 24 January 2026)

Eu Ah Seng

Cheah Eu Lee

Cheah Siang Tee

Tan Sri Dato' Dr. Sak Cheng Lum

Haji Mohd Isa Bin Haji Talib

Ng Meng Kwai

Ong Beow Chieh

### Subsidiaries of Eversafe Rubber Berhad

Dato' Seri Cheah Eu Kiat, DGPN. DSPN. PJK. JP. (Deceased on 24 January 2026)

Sang Ah Weng (Deceased on 23 February 2026)

Eu Ah Seng

Cheah Eu Lee

Cheah Siang Tee

Eu Hong Lim

Eu Hong Boon

## Directors' Report

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<----- Number of ordinary shares ----->			
	Balance as at 1.1.2025	Bought	Sold	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Dato' Seri Cheah Eu Kiat, DGNP. DSPN. PJK. JP.	15,388,238	-	-	15,388,238
Eu Ah Seng	4,707,350	-	-	4,707,350
Cheah Eu Lee	2,000,000	-	-	2,000,000
Cheah Siang Tee	750,000	-	-	750,000
<u>Indirect interests:</u>				
Dato' Seri Cheah Eu Kiat, DGNP. DSPN. PJK. JP.	117,137,446 <sup>(1)</sup>	-	-	117,137,446 <sup>(1)</sup>
Eu Ah Seng	12,000,000 <sup>(2)</sup>	-	-	12,000,000 <sup>(2)</sup>

(1) Deemed interested by virtue of his interest in Tai Hin & Son (PG) Sdn Bhd pursuant to Section 8 of the Companies Act 2016, and the indirect interest of his daughter, Ms. Cheah Siang Huay pursuant to Section 59(11)(c) of the Companies Act 2016

(2) Deemed interested by virtue of his interest in EAS & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016

By virtue of Dato' Seri Cheah Eu Kiat, DGNP. DSPN. PJK. JP. substantial interests in the shares of the Company, he was also deemed to have interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' Report

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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, other than the following:

- (i) remuneration received or due and receivable by Directors from certain related corporations in their capacity as Directors or executive of the related corporations; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Fees	361,473	300,000
Short-term employee benefits	1,094,034	-
Defined contribution plan	64,560	-
Benefits-in-kind	107,500	-
	<u>1,627,567</u>	<u>300,000</u>

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group are RM1,000,000 and RM6,000 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## Directors' Report

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## Directors' Report

### **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)**

#### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

#### **SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Since the end of February 2026, ongoing geopolitical tensions in the Middle East have contributed to elevated energy prices, intermittent global supply chain disruptions, and increased volatility in global currency movements. These factors may, if prolonged, place indirect pressure on input costs and consumer sentiment.

As of the date of this report, management is unable to reliably quantify the financial effect of these developments on the financial statements for the financial year ended 31 December 2025, as the outcome remains dependent on factors that are not presently determinable. These include the duration and severity of the disruptions, future movements in oil prices, the degree of secondary impacts on the Group's supply chain, and the effectiveness of the Group's mitigation actions. Accordingly, a reasonable estimate of the financial effect cannot presently be made. The Group will continue to monitor developments and assess the potential operational and financial implications of the developments.

## Directors' Report

### SUBSIDIARIES

The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025 %	2024 %	
<b>Direct:</b>				
Eversafe Retreading Solution Sdn. Bhd. ("ERSSB")	Malaysia	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services
Comfort Green Tyre Sdn. Bhd. ("CGTSB")	Malaysia	100	100	Manufacturing of new tyres
<b>Indirect:</b>				
Eversafe Rubber Processing Sdn. Bhd.	Malaysia	100	100	Manufacturing of rubber and polymer products
Olympic Retreads (M) Sdn. Bhd. ("ORMSB")	Malaysia	100	100	Manufacturing and distribution of retreaded tyres
Eversafe Trading (Shanghai) Co., Ltd. ("ETSCL")*	People's Republic of China	100	100	Trading in rubber based tyre retreading products
Supreme Good International Limited ("SGIL")*	Hong Kong	100	100	Investment holding and manufacturing and distribution of retreaded tyres
Jiaxing YongAn Rubber Co., Ltd.*	People's Republic of China	100	100	Production and sales of rubber products and service of after sale of self-produced products

\* Subsidiaries not audited by BDO PLT or BDO member firms.

## Directors' Report

### AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

### AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audit	218,193	25,000
Non-statutory audit	6,000	6,000
	<u>224,193</u>	<u>31,000</u>

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

**Eu Ah Seng**  
Director

**Cheah Siang Tee**  
Director

Penang  
15 April 2026

## Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 82 to 153 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Eu Ah Seng**

Director

**Cheah Siang Tee**

Director

Penang

15 April 2026

## Statutory Declaration

I, Cheah Siang Tee (761221-07-5329), being the Director primarily responsible for the financial management of Eversafe Rubber Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 153 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
 declared by the abovenamed )  
 at Georgetown in the State of )  
 Penang this 15 April 2026 )

**Cheah Siang Tee**

Before me,

Commissioner for Oaths

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Eversafe Rubber Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 82 to 153.

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 ("MFRSs"), 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 ("ISAs"). 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.

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## Key Audit Matters

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

## Group

### (a) Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2025 were RM33,610,288 and the associated impairment losses of trade receivables were RM7,995,353 as disclosed in Note 10 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

### *Audit response*

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) Challenged management on the basis for determining cash flows recoverable in worst-case scenarios, where applicable.

# Independent Auditors' Report

TO THE MEMBERS OF EVERS SAFE RUBBER BERHAD

## Key Audit Matters (continued)

### Group (continued)

#### (b) Impairment assessment of the carrying amounts of property, plant and equipment

As at 31 December 2025, the carrying amounts of property, plant and equipment of the Group amounted to RM40,299,297 as disclosed in Note 5 to the financial statements. Included in these carrying amounts are property, plant and equipment amounting to RM34,687,152 as at 31 December 2025 in certain subsidiaries which have indication of impairment.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. These key assumptions include budgeted operating profit margin, growth rates as well as determining an appropriate pre-tax discount rate used for the subsidiaries.

#### *Audit response*

Our audit procedures included the following:

- (i) Compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (ii) Compared cash flow projections against recent performance and assessed and evaluated the key assumptions in projections to available external industry sources of data, where applicable;
- (iii) Verified budgeted operating profit margin and growth rates by assessing evidence available to support these key assumptions;
- (iv) Assessed the reasonableness of pre-tax discount rate used for the subsidiaries by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## Key Audit Matters (continued)

### Company

#### (a) Impairment assessment of costs of investments in subsidiaries

As at 31 December 2025, investments in subsidiaries of the Company were RM56,133,997 as disclosed in Note 7 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amount. These key assumptions include budgeted operating profit margin, growth rates as well as determining an appropriate pre-tax discount rate used for the subsidiaries.

#### *Audit response*

Our audit procedures included the following:

- (i) Compared prior period projection against actual outcome to assess reliability of management forecasting process;
- (ii) Compared cash flow projections against recent performance and assessed and evaluated the key assumptions in projections to available external industry sources of data;
- (iii) Verified budgeted operating profit margin and growth rates by assessing evidence available to support these key assumptions;
- (iv) Assessed the reasonableness of pre-tax discount rate used for the subsidiaries by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- (v) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

# Independent Auditors' Report

TO THE MEMBERS OF EVERS SAFE RUBBER 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 this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (d) 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 ability of the Group and of the Company 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.
- (e) 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.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

# Independent Auditors' Report

TO THE MEMBERS OF EVERSAFE RUBBER BERHAD

## **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 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.

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Lum Chiew Mun**  
03039/04/2027 J  
Chartered Accountant

Kuala Lumpur  
15 April 2026

## Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	40,299,297	43,833,957	1,918	3,837
Intangible asset	6	1	1	-	-
Investments in subsidiaries	7	-	-	56,133,997	54,133,997
Trade receivables	10	2,423,395	2,160,768	-	-
		42,722,693	45,994,726	56,135,915	54,137,834
<b>Current assets</b>					
Inventories	9	16,897,243	20,150,013	-	-
Trade receivables	10	23,191,540	26,698,060	-	-
Other receivables, deposits and prepayments	11	1,414,479	1,989,495	2,000	2,000
Other investment	8	1,061,760	-	1,061,760	-
Amounts owing by subsidiaries	12	-	-	8,615,685	6,699,169
Amounts owing by related parties	13	152,825	10,180	-	-
Current tax assets		59,522	1,304,763	3,170	5,636
Placement in funds	14	1,198,199	1,106,636	59,540	37,015
Cash and bank balances	14	12,732,917	18,577,327	515,133	4,917,622
		56,708,485	69,836,474	10,257,288	11,661,442
<b>TOTAL ASSETS</b>		<b>99,431,178</b>	<b>115,831,200</b>	<b>66,393,203</b>	<b>65,799,276</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	65,428,449	65,428,449	65,428,449	65,428,449
Reserves	16	(16,847,530)	(8,553,349)	(70,473)	340,417
<b>TOTAL EQUITY</b>		<b>48,580,919</b>	<b>56,875,100</b>	<b>65,357,976</b>	<b>65,768,866</b>

## Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	1,959,066	2,971,841	-	-
Borrowings	18	12,720,959	14,840,994	-	-
Hire purchase and lease liabilities	21	988,282	1,121,906	-	-
Government grant	27	260,067	289,516	-	-
		15,928,374	19,224,257	-	-
<b>Current liabilities</b>					
Trade payables	22	4,359,876	4,776,799	-	-
Other payables and accrued expenses	23	5,177,144	5,173,632	35,227	30,410
Amounts owing to related parties	24	68,880	61,245	-	-
Amounts owing to Directors	25	200,667	201,776	-	-
Amount owing to a subsidiary	26	-	-	1,000,000	-
Borrowings	18	24,270,100	27,003,035	-	-
Hire purchase and lease liabilities	21	682,837	2,374,004	-	-
Government grant	27	29,444	29,444	-	-
Current tax liabilities		132,937	111,908	-	-
		34,921,885	39,731,843	1,035,227	30,410
<b>TOTAL LIABILITIES</b>		<b>50,850,259</b>	<b>58,956,100</b>	<b>1,035,227</b>	<b>30,410</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,431,178</b>	<b>115,831,200</b>	<b>66,393,203</b>	<b>65,799,276</b>

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

## Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	28	109,250,158	98,014,856	-	-
Cost of sales		(99,944,524)	(84,920,109)	-	-
Gross profit		9,305,634	13,094,747	-	-
Other operating income		309,922	1,218,895	22,525	185,416
Distribution costs		(5,676,117)	(6,325,594)	-	-
Administrative expenses		(7,600,593)	(9,014,538)	(437,970)	(660,430)
Impairment losses on financial assets, net	31	(767,000)	(314,969)	-	-
Other operating expenses		(1,723,704)	(2,352,398)	-	(300,018)
Loss from operations		(6,151,858)	(3,693,857)	(415,445)	(775,032)
Finance income	30	194,670	176,987	4,555	2,142
Finance costs	30	(2,343,898)	(2,270,573)	-	-
Loss before taxation	31	(8,301,086)	(5,787,443)	(410,890)	(772,890)
Taxation	33	12,295	1,917,980	-	40,886
Loss for the financial year, attributable to owners of the parent		(8,288,791)	(3,869,463)	(410,890)	(732,004)

# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Loss for the financial year, attributable to owners of the parent		(8,288,791)	(3,869,463)	(410,890)	(732,004)
<i>Other comprehensive income:</i>					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations, net of tax		<u>(5,390)</u>	<u>297,132</u>	<u>-</u>	<u>-</u>
Total comprehensive loss attributable to owners of the parent		<u>(8,294,181)</u>	<u>(3,572,331)</u>	<u>(410,890)</u>	<u>(732,004)</u>
Loss per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	34	<u>(3.45)</u>	<u>(1.61)</u>		

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

## Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2025

Group	Note	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		65,428,449	7,104	(966,699)	(36,914,958)	32,893,535	60,447,431
Loss for the financial year		-	-	-	-	(3,869,463)	(3,869,463)
Other comprehensive income, net of tax		-	-	297,132	-	-	297,132
Total comprehensive income/(loss)		-	-	297,132	-	(3,869,463)	(3,572,331)
Balance as at 31 December 2024		65,428,449	7,104	(669,567)	(36,914,958)	29,024,072	56,875,100

# Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2025

Group	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation		Retained earnings RM	Total equity RM
				debit reserve RM	debit reserve RM		
Balance as at 1 January 2025	65,428,449	7,104	(669,567)	(36,914,958)		29,024,072	56,875,100
Loss for the financial year	-	-	-	-		(8,288,791)	(8,288,791)
Other comprehensive loss, net of tax	-	-	(5,390)	-		-	(5,390)
Total comprehensive loss	-	-	(5,390)	-		(8,288,791)	(8,294,181)
Balance as at 31 December 2025	65,428,449	7,104	(674,957)	(36,914,958)		20,735,281	48,580,919

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

## Statement of Changes in Equity

For The Financial Year Ended 31 December 2025

<b>Company</b>	<b>Note</b>	<b>Share capital RM</b>	<b>Retained earnings/ (Accumulated losses) RM</b>	<b>Total equity RM</b>
Balance as at 1 January 2024		65,428,449	1,072,421	66,500,870
Loss for the financial year		-	(732,004)	(732,004)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(732,004)	(732,004)
Balance as at 31 December 2024		65,428,449	340,417	65,768,866
Balance as at 1 January 2025		65,428,449	340,417	65,768,866
Loss for the financial year		-	(410,890)	(410,890)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(410,890)	(410,890)
Balance as at 31 December 2025		65,428,449	(70,473)	65,357,976

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

## Statements of Cash Flows

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before taxation		(8,301,086)	(5,787,443)	(410,890)	(772,890)
Adjustments for:					
Amortisation of government grant	27	(29,449)	(29,448)	-	-
Bad debts written off - third parties		-	226,820	-	-
Depreciation of property, plant and equipment	5	6,997,831	6,579,584	1,919	1,919
Dividend income from:					
- other investments		-	(54,606)	-	(7,500)
- placement in funds	31	(17,617)	(265,017)	-	(154,950)
Interest income from:					
- other investments	31	(21,400)	-	(21,400)	-
Fair value loss on other investments		26,267	273,282	26,267	280,081
Finance costs	30	2,343,898	2,270,573	-	-
Finance income	30	(194,670)	(176,987)	(4,555)	(2,142)
Gain on disposal of property, plant and equipment	31	(37,793)	(64,582)	-	-
Gain on reassessment and modification of lease	31	(19,412)	(2,292)	-	-
Net impairment losses on trade receivables	10	763,648	376,842	-	-
Net impairment/(reversal) losses on amounts owing by related parties	13	3,352	(61,873)	-	-
Property, plant and equipment written off	5	4,462	2,710	-	-

## Statements of Cash Flows

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Unrealised (gain)/loss on foreign exchange	31	(315,260)	812,932	-	310
Operating profit/(loss) before changes in working capital		1,202,771	4,100,495	(408,659)	(655,172)
Changes in working capital:					
Inventories		3,037,731	588,715	-	-
Trade receivables		1,462,616	96,934	-	-
Other receivables, deposits and prepayments		391,091	11,952,811	-	224,402
Trade payables		343,573	2,494,716	-	-
Other payables and accrued expenses		183,040	(10,093,563)	4,817	3,210
Amounts owing by/to related parties		(138,362)	395,286	-	-
Amounts owing to a subsidiary		-	-	1,000,000	-
Amounts owing to Directors		4,366	38,367	-	-
Cash generated from/(used in) operations					
		6,486,826	9,573,761	596,158	(427,560)
Tax refunded		934,588	24,307	4,033	-
Tax paid		(659,338)	(609,973)	(1,567)	(1,843)
Net cash from/(used in) operating activities					
		6,762,076	8,988,095	598,624	(429,403)

## Statements of Cash Flows

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of other investments		-	3,984,130	-	2,233,062
Dividend received from:					
- other investments	31	-	54,606	-	7,500
- placement in funds	31	17,617	265,017	-	154,950
Interest received from:					
- other investments	31	21,400	-	21,400	-
Interest received		194,670	176,987	4,555	2,142
Advances to subsidiaries		-	-	(3,916,516)	(4,199,781)
Proceeds from disposal of property, plant and equipment		169,880	149,660	-	-
Purchase of property, plant and equipment	5	(3,246,323)	(11,759,530)	-	-
Purchase of bonds		(1,088,027)	-	(1,088,027)	-
Net changes in deposits with licensed banks with maturity of over three (3) months		510,484	(702,903)	-	-
Net changes in deposits pledged as securities		(1,089,392)	129,745	-	-
Net cash used in investing activities		(4,509,691)	(7,702,288)	(4,978,588)	(1,802,127)

## Statements of Cash Flows

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(2,122,270)	(1,862,950)	-	-
Drawdown of term loans, revolving credit and bankers' acceptances		(55,990,319)	(60,024,606)	-	-
Repayment of term loans, revolving credit and bankers' acceptances		50,925,018	58,955,810	-	-
Repayments of hire purchase and lease liabilities		(2,483,929)	(3,018,866)	-	-
Subscription of shares in subsidiary	7	-	-	-	(2)
Net cash used in financing activities		<u>(9,671,500)</u>	<u>(5,950,612)</u>	<u>-</u>	<u>(2)</u>
Net decrease in cash and cash equivalents		(7,419,115)	(4,664,805)	(4,379,964)	(2,231,532)
Effects of exchange rates changes on cash and cash equivalents		803,287	(27,618)	-	(310)
Cash and cash equivalents at beginning of financial year		<u>8,157,792</u>	<u>12,850,215</u>	<u>4,954,637</u>	<u>7,186,479</u>
Cash and cash equivalents at end of financial year	14(j)	<u><u>1,541,964</u></u>	<u><u>8,157,792</u></u>	<u><u>574,673</u></u>	<u><u>4,954,637</u></u>

# Statements of Cash Flows

For The Financial Year Ended 31 December 2025

## Reconciliation of Liabilities Arising from Financing Activities

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Term loans, revolving credit and bankers' acceptances</b>		
Balance as at 1 January	37,320,984	38,299,743
Cash flows:		
- drawdown	(55,990,319)	(60,024,606)
- repayment	50,925,018	58,955,810
Non-cash flows:		
- effect of foreign exchange	(71,742)	90,037
	<u>32,183,941</u>	<u>37,320,984</u>
Balance as at 31 December	<u>32,183,941</u>	<u>37,320,984</u>

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Hire purchase and lease liabilities</b>		
Balance as at 1 January	3,495,910	4,810,162
Cash flow	(2,483,929)	(3,018,866)
Non-cash flows:		
- purchase of property, plant and equipment	333,389	1,390,617
- unwinding of interest	157,333	303,153
- reassessment and modification of lease	251,159	50,222
- effect of foreign exchange	(82,743)	(39,378)
	<u>1,671,119</u>	<u>3,495,910</u>
Balance as at 31 December	<u>1,671,119</u>	<u>3,495,910</u>

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

# Notes To The Financial Statements

31 December 2025

## 1. CORPORATE INFORMATION

Eversafe Rubber Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 1203, Level 12, Uptown 1 No. 1 Jalan SS21/58 Damansara Uptown, 47400 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at Lot 93, Lebuhr Portland, Tasek Industrial Estate, 31400 Ipoh, Perak, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2025 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 April 2026.

## 2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company incorporated to manage various subsidiaries, which are involved in the manufacturing and sale of rubber based tyre retread products, new tyres and polymer products. The principal activities of the subsidiaries are mainly manufacturing, distribution, trading and sale of rubber based tyre retread products, new tyres and polymer products, provision of related services, investment holding and production and sales of rubber products and service of after sale of self-produced products. Further details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

# Notes To The Financial Statements

31 December 2025

## 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 38(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

## 4. OPERATING SEGMENTS

The Group is principally involved in the manufacturing and sale of rubber based tyre retread products.

No product and services segment information is presented as the Chief Operating Decision Maker (“CODM”) views the Group as a single reportable segment.

### **Geographical information**

Segment revenue is based on geographical location from which the sale transactions originated.

Segment non-current assets are based on the geographical location of the assets of the Group.

## Notes To The Financial Statements

31 December 2025

### 4. OPERATING SEGMENTS (continued)

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from external customers</b>		
Malaysia	29,072,185	31,557,074
Americas	1,632,135	1,368,989
East Asia and Oceania	17,850,339	30,004,400
Europe	6,358,711	5,696,102
South Asia, Middle East and Africa	8,549,904	4,548,203
South East Asia	45,786,884	24,840,088
	<u>109,250,158</u>	<u>98,014,856</u>
<b>Non-current assets</b>		
Malaysia	40,085,482	43,590,143
East Asia and Oceania	2,637,211	2,404,583
	<u>42,722,693</u>	<u>45,994,726</u>

### Major customer

There is only one (2024: one) major customer contributing approximately RM25,674,092 (2024: RM12,919,466) of the revenue to the Group, which is more than ten percent (10%) of the revenue of the Group.

## Notes To The Financial Statements

31 December 2025

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2025	Balance as at 1.1.2025 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Reassessment and modification of leases RM	Exchange differences RM	Depreciation charge for the financial year RM	Balance as at 31.12.2025 RM
<b>Carrying amount</b>									
Right-of-use assets									
- leasehold land	2,146,170	-	-	-	-	-	-	(42,069)	2,104,101
- buildings	2,626,917	89,173	-	-	-	270,571	(71,664)	(1,920,427)	994,570
- motor vehicles	1,031,661	230,000	-	-	-	-	(17,659)	(258,529)	985,473
- plant and machinery	878,314	-	-	-	-	-	-	(173,997)	704,317
Buildings	8,070,516	-	-	-	-	-	-	(261,750)	7,808,766
Plant and machinery	13,411,246	69,573	(132,083)	(8)	7,893,485	-	(23,217)	(3,069,082)	18,149,914
Factory equipment	3,534,487	362,476	(1)	(4,446)	2,402,365	-	-	(911,007)	5,383,874
Furniture, fixtures and office equipment	276,007	107,437	-	(8)	32,400	-	(746)	(111,686)	303,404
Electrical installation	985,140	133,200	-	-	-	-	-	(138,324)	980,016
Signboards	2,852	3,480	-	-	-	-	-	(420)	5,912
Motor vehicles	542,397	129,000	-	-	-	-	(29,394)	(110,540)	531,460
Capital work-in-progress	10,328,250	2,455,373	-	-	(10,328,250)	-	(107,883)	-	2,347,490
	43,833,957	3,579,712	(132,087)	(4,462)	-	270,571	(250,563)	(6,997,831)	40,299,297

## Notes To The Financial Statements

31 December 2025

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance as at 31.12.2025			
	Cost RM	Accumulated depreciation RM	Impairment loss RM	Carrying amount RM
Right-of-use assets	3,097,733	(993,632)	-	2,104,101
- leasehold land	6,195,283	(5,200,713)	-	994,570
- buildings	2,371,124	(1,385,651)	-	985,473
- motor vehicles	1,739,972	(1,035,655)	-	704,317
- plant and machinery	12,048,566	(4,239,800)	-	7,808,766
Buildings	58,179,292	(40,029,378)	-	18,149,914
Plant and machinery	12,979,549	(7,582,122)	(13,553)	5,383,874
Factory equipment	2,360,954	(2,057,550)	-	303,404
Furniture, fixtures and office equipment	3,269,095	(2,289,079)	-	980,016
Electrical installation	6,380	(468)	-	5,912
Signboards	3,528,093	(2,996,633)	-	531,460
Motor vehicles	2,347,490	-	-	2,347,490
Capital work-in-progress	108,123,531	(67,810,681)	(13,553)	40,299,297

## Notes To The Financial Statements

31 December 2025

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2024	Balance as at 1.1.2024 RM	Additions RM	Disposals RM	Written off RM	Reassessment and modification of leases RM	Exchange differences RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
<b>Carrying amount</b>								
Right-of-use assets								
- leasehold land	2,188,247	-	-	-	-	-	(42,077)	2,146,170
- buildings	3,926,715	848,617	-	-	52,514	(35,062)	(2,165,867)	2,626,917
- motor vehicles	630,433	633,776	-	-	-	(3,962)	(228,586)	1,031,661
- plant and machinery	1,052,311	-	-	-	-	-	(173,997)	878,314
Buildings	8,264,330	67,420	-	-	-	-	(261,234)	8,070,516
Plant and machinery	15,659,372	449,554	(74,247)	-	-	(7,280)	(2,616,153)	13,411,246
Factory equipment	3,596,787	671,943	(10,829)	(900)	-	-	(722,514)	3,534,487
Furniture, fixtures and office equipment	285,241	75,335	-	(1,810)	-	(406)	(82,353)	276,007
Electrical installation	1,151,028	-	-	-	-	-	(165,888)	985,140
Signboards	-	2,900	-	-	-	-	(48)	2,852
Motor vehicles	598,461	72,352	-	-	-	-	(120,867)	542,397
Capital work-in-progress	-	10,328,250	-	-	-	(7,547)	-	10,328,250
	37,352,925	13,150,147	(85,078)	(2,710)	52,514	(54,257)	(6,579,584)	43,833,957

## Notes To The Financial Statements

31 December 2025

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

	←	Balance as at 31.12.2024		→
	Cost RM	Accumulated depreciation RM	Impairment loss RM	Carrying amount RM
Right-of-use assets				
- leasehold land	3,097,733	(951,563)	-	2,146,170
- buildings	6,679,968	(4,053,051)	-	2,626,917
- motor vehicles	2,167,616	(1,135,955)	-	1,031,661
- plant and machinery	1,739,972	(861,658)	-	878,314
Buildings	12,048,566	(3,978,050)	-	8,070,516
Plant and machinery	50,713,109	(37,301,863)	-	13,411,246
Factory equipment	10,261,170	(6,713,130)	(13,553)	3,534,487
Furniture, fixtures and office equipment	2,243,628	(1,967,621)	-	276,007
Electrical installation	3,135,895	(2,150,755)	-	985,140
Signboards	2,900	(48)	-	2,852
Motor vehicles	3,893,022	(3,350,625)	-	542,397
Capital work-in-progress	10,328,250	-	-	10,328,250
	<u>106,311,829</u>	<u>(62,464,319)</u>	<u>(13,553)</u>	<u>43,833,957</u>

## Notes To The Financial Statements

31 December 2025

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

<b>Company</b>	<b>Balance as at 1.1.2025 RM</b>	<b>Depreciation charge for the financial year RM</b>	<b>Balance as at 31.12.2025 RM</b>
<b>2025</b>			
<b>Carrying amount</b>			
Furniture, fixtures and office equipment	3,837	(1,919)	1,918
	← <b>Balance as at 31.12.2025</b> →		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Furniture, fixtures and office equipment	15,895	(13,977)	1,918
<b>2024</b>			
<b>Carrying amount</b>			
Furniture, fixtures and office equipment	5,756	(1,919)	3,837
	← <b>Balance as at 31.12.2024</b> →		
	<b>Cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Carrying amount RM</b>
Furniture, fixtures and office equipment	15,895	(12,058)	3,837

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

## Notes To The Financial Statements

31 December 2025

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) (continued)

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation periods are as follows:

Buildings	50 years
Plant and machinery	10 to 15 years
Factory equipment	10 years
Furniture, fixtures and office equipment	3 to 20 years
Electrical installation	5 to 20 years
Signboards	10 years
Motor vehicles	5 to 10 years

Capital work-in-progress represents plant and machinery under installation. Capital work-in-progress is not depreciated until such time when the asset is available for use.

- (b) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Leasehold land	62 to 94 years
Buildings	2 to 7 years
Motor vehicles	5 to 10 years
Plant and machinery	10 years

## Notes To The Financial Statements

31 December 2025

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Purchase of property, plant and equipment	3,579,712	13,150,147
Financed by hire purchase and lease liabilities	(333,389)	(1,390,617)
	<u>3,246,323</u>	<u>11,759,530</u>
Cash payments on purchase of property, plant and equipment	<u><u>3,246,323</u></u>	<u><u>11,759,530</u></u>

- (d) As at the end of the reporting period, certain property, plant and equipment of the Group have been charged to local banks for credit facilities granted to the Group as disclosed in Note 19, Note 20 and Note 21 to the financial statements as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Buildings	2,690,505	2,790,090
Plant and machinery	5,047,983	5,816,373
Right-of-use assets		
- leasehold land	966,460	985,272
- motor vehicles	985,473	1,031,661
- plant and machinery	704,316	878,314
	<u>10,394,737</u>	<u>11,501,710</u>
	<u><u>10,394,737</u></u>	<u><u>11,501,710</u></u>

- (e) For the purpose of impairment assessment, recoverable amount of property, plant and equipment is determined based on the higher of value-in-use or fair value less cost of disposal of each Cash Generating Unit ("CGU").

# Notes To The Financial Statements

31 December 2025

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) (continued)

The carrying amounts of property, plant and equipment in certain subsidiaries which have indication of impairment amounted to RM34,687,152 as at 31 December 2025.

Value-in-use of the CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. The recoverable amounts of property, plant and equipment are determined on value-in-use calculations using cash flow projections from the financial budgets and forecasts approved by management covering periods of up to nine (9) years.

The impairment assessment is determined based on cash flow forecasts by applying the following key assumptions:

- (i) Growth rates and forecasted margins based on management's estimate of the industry trends and historical performance; and
- (ii) A pre-tax discount rate of 6.9%, which reflects the specific risks relating to the assets.

Based on these assumptions, management is of the view that no impairment loss is required in relation to property, plant and equipment as the recoverable amount determined is higher than the carrying amount of the CGUs.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to further materially exceed their recoverable amounts.

## Notes To The Financial Statements

31 December 2025

### 6. INTANGIBLE ASSET

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Computer software</b>		
<b>At cost</b>		
Balance as at 1 January/31 December	72,100	72,100
<b>Accumulated amortisation</b>		
Balance as at 1 January/31 December	72,099	72,099
<b>Carrying amount</b>		
Balance as at 31 December	1	1

Intangible asset is initially measured at cost. After initial recognition, intangible asset is carried at cost less accumulated amortisation and any accumulated impairment losses.

Each class of intangible asset with finite useful lives are measured after initial recognition at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal amortisation period is as follows:

Computer software	3 years
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### 7. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Unquoted shares	56,133,997	54,133,997

# Notes To The Financial Statements

31 December 2025

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less any accumulated impairment loss.
- (b) The carrying amounts of costs of investments in subsidiaries amounted to RM56,133,997 have indication of impairment as at 31 December 2025. Management has performed impairment assessments and the recoverable amounts are determined based on the higher of value-in-use or fair value less cost of disposal of Cash Generating Units (“CGUs”).

Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Based on the annual impairment testing undertaken by the Company, no impairment loss was required for the carrying amount of investments in subsidiaries as at 31 December 2025 as their recoverable amounts are in excess of its carrying amount.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

## Notes To The Financial Statements

31 December 2025

### 7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025 %	2024 %	
Eversafe Retreading Solution Sdn. Bhd. ("ERSSB")	Malaysia	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services
Comfort Green Tyre Sdn. Bhd. ("CGTSB")	Malaysia	100	100	Manufacturing of new tyres
<b>Subsidiaries of ERSSB</b>				
Eversafe Rubber Processing Sdn. Bhd.	Malaysia	100	100	Manufacturing of rubber and polymer products
Olympic Retreads (M) Sdn. Bhd. ("ORMSB")	Malaysia	100	100	Manufacturing and distribution of retreaded tyres
Eversafe Trading (Shanghai) Co., Ltd. ("ETSCL")*	People's Republic of China	100	100	Trading in rubber based tyre retreading products
Supreme Good International Limited ("SGIL")*	Hong Kong	100	100	Investment holding and manufacturing and distribution of retreaded tyres

## Notes To The Financial Statements

31 December 2025

### 7. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025 %	2024 %	
<b>Subsidiary of ETSCL</b>				
Jiaxing YongAn Rubber Co., Ltd.*	People's Republic of China	100	100	Production and sales of rubber products and service of after sale of self-produced products

\* Subsidiaries not audited by BDO PLT or BDO member firms.

(d) Subscription of additional new ordinary shares:

On 21 February 2025, the Company had subscribed additional 2,000,000 new Ordinary Shares in CGTSB at an issue price of RM1.00 by way of capitalisation of with amount owing by CGTSB. Pursuant to that, the Company holds 2,500,002 ordinary shares representing 100% equity interest in CGTSB.

In previous financial year, the Company had incorporated CGTSB with paid-up share capital of RM2 comprising of 2 ordinary share. The Company subscribed for an additional 500,000 ordinary shares by way of capitalisation of amount owing by CGTSB. Pursuant to that, the Company holds 500,002 ordinary shares representing 100% equity interest in CGTSB.

## Notes To The Financial Statements

31 December 2025

### 8. OTHER INVESTMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Current</b>				
<b>Equity security:</b>				
- Unquoted bond in Malaysia	1,061,760	-	1,061,760	-
	<u>1,061,760</u>	<u>-</u>	<u>1,061,760</u>	<u>-</u>

- (a) The unquoted bond is classified as financial asset at amortised cost pursuant to MFRS 9 *Financial Instruments*.
- (b) 4.28% p.a. Malaysia unquoted bond is held within a business model whose objective was to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding.
- (c) The carrying amount of the financial assets at amortised cost was reasonable approximation of its fair value.
- (d) Other investments are denominated in RM.
- (e) Sensitivity analysis for fixed rate bonds at the end of the reporting period is not presented as it is not affected by changes in interest rates.

## Notes To The Financial Statements

31 December 2025

### 9. INVENTORIES

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Raw materials	5,919,874	7,428,023
Work-in-progress	2,527,750	2,152,192
Finished goods	8,449,619	10,252,438
Goods-in-transit	-	317,360
	<u>16,897,243</u>	<u>20,150,013</u>

- (a) Costs of inventories are determined on the first-in, first-out formula and stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM99,944,524 (2024: RM84,920,109).

### 10. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Trade receivables	5,131,454	3,964,023
Less: Accumulated impairment losses	(2,708,059)	(1,803,255)
	<u>2,423,395</u>	<u>2,160,768</u>
<b>Current</b>		
Trade receivables	28,478,834	32,205,274
Less: Accumulated impairment losses	(5,287,294)	(5,507,214)
	<u>23,191,540</u>	<u>26,698,060</u>
<b>Total trade receivables</b>	<u>25,614,935</u>	<u>28,858,828</u>

- (a) Trade receivables are classified as financial assets and measured at amortised cost.

## Notes To The Financial Statements

31 December 2025

### 10. TRADE RECEIVABLES (continued)

- (b) Non-current trade receivables are unsecured, interest-free and not receivable within the next twelve (12) months.
- (c) Current trade receivables are non-interest bearing and the trade credit terms of trade receivables granted by the Group is up to 90 days (2024: up to 90 days). Other credit terms are assessed and approved by the Group on a case-by-case basis up to 180 days. They are recognised at original invoice amounts, which represent their fair values on initial recognition.
- (d) The currency exposure profile of gross trade receivables is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia (“RM”)	14,846,674	12,980,363
US Dollar (“USD”)	6,785,266	11,469,684
Euro (“EUR”)	3,989,274	3,853,728
Singapore Dollar (“SGD”)	2,084,398	2,056,818
Hong Kong Dollar (“HKD”)	1,395,488	1,422,439
Australian Dollar (“AUD”)	1,710,544	1,780,299
Japanese Yen (“JPY”)	1,271,024	1,107,851
Renminbi (“RMB”)	1,508,325	1,493,439
Great British Pound (“GBP”)	19,295	4,676
	<u>33,610,288</u>	<u>36,169,297</u>

- (e) Subsidiaries operating in China and Hong Kong have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

## Notes To The Financial Statements

31 December 2025

### 10. TRADE RECEIVABLES (continued)

- (f) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
USD/RM		
- strengthen 3% (2024: 3%)	154,704	261,509
- weaken 3% (2024: 3%)	(154,704)	(261,509)
EUR/RM		
- strengthen 3% (2024: 3%)	90,955	87,865
- weaken 3% (2024: 3%)	(90,955)	(87,865)
SGD/RM		
- strengthen 3% (2024: 3%)	47,524	46,895
- weaken 3% (2024: 3%)	(47,524)	(46,895)
HKD/RM		
- strengthen 3% (2024: 3%)	31,817	32,432
- weaken 3% (2024: 3%)	(31,817)	(32,432)
AUD/RM		
- strengthen 3% (2024: 3%)	39,000	40,591
- weaken 3% (2024: 3%)	(39,000)	(40,591)
JPY/RM		
- strengthen 3% (2024: 3%)	28,979	25,259
- weaken 3% (2024: 3%)	(28,979)	(25,259)
RMB/RM		
- strengthen 3% (2024: 3%)	34,390	34,050
- weaken 3% (2024: 3%)	<u>(34,390)</u>	<u>(34,050)</u>

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of other foreign currency is not disclosed as it is not material to the Group.

# Notes To The Financial Statements

31 December 2025

## 10. TRADE RECEIVABLES (continued)

- (g) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the common credit risk characteristics of geographic region and type of product sold.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (e.g. Gross Domestic Product growth, unemployment rate, inflation rate and producer price index) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivables would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

## Notes To The Financial Statements

31 December 2025

### 10. TRADE RECEIVABLES (continued)

(g) (continued)

Lifetime expected loss provision for trade receivables are as follows:

	<b>Gross carrying</b>		
	<b>amount/ Maximum exposure RM</b>	<b>Impairment losses RM</b>	<b>Carrying amount RM</b>
<b>2025</b>			
Current	19,922,252	(379,996)	19,542,256
Past due:			
1 to 30 days	1,720,671	(260,594)	1,460,077
31 to 60 days	1,013,570	(32,530)	981,040
61 to 90 days	326,933	(64,550)	262,383
More than 90 days	5,495,408	(4,549,624)	945,784
	<u>28,478,834</u>	<u>(5,287,294)</u>	<u>23,191,540</u>
Non-current	<u>5,131,454</u>	<u>(2,708,059)</u>	<u>2,423,395</u>
<b>2024</b>			
Current	24,779,053	(493,698)	24,285,355
Past due:			
1 to 30 days	1,288,547	(322,043)	966,504
31 to 60 days	487,998	(139,182)	348,816
61 to 90 days	908,144	(618,195)	289,949
More than 90 days	4,741,532	(3,934,096)	807,436
	<u>32,205,274</u>	<u>(5,507,214)</u>	<u>26,698,060</u>
Non-current	<u>3,964,023</u>	<u>(1,803,255)</u>	<u>2,160,768</u>

During the financial year, the Group renegotiated the credit terms with certain trade receivables and reclassified as non-current trade receivables, which led to changes in the timing of the payment.

## Notes To The Financial Statements

31 December 2025

### 10. TRADE RECEIVABLES (continued)

(h) Movements in the impairment allowance for trade receivables are as follows:

	<b>Lifetime ECL* allowance RM</b>	<b>Credit impaired RM</b>	<b>Total allowance RM</b>
<b>Current</b>			
Balance as at 1 January 2024	5,661,681	26,432	5,688,113
Charge for the financial year	76,102	-	76,102
Reversal of impairment losses	(178,412)	(256)	(178,668)
Exchange differences	(78,333)	-	(78,333)
	<u>5,481,038</u>	<u>26,176</u>	<u>5,507,214</u>
Balance as at 31 December 2024	<u>5,481,038</u>	<u>26,176</u>	<u>5,507,214</u>
Balance as at 1 January 2025	5,481,038	26,176	5,507,214
Charge for the financial year	250,187	-	250,187
Reversal of impairment losses	(391,343)	-	(391,343)
Exchange differences	(78,764)	-	(78,764)
	<u>5,261,118</u>	<u>26,176</u>	<u>5,287,294</u>
Balance as at 31 December 2025	<u>5,261,118</u>	<u>26,176</u>	<u>5,287,294</u>

## Notes To The Financial Statements

31 December 2025

### 10. TRADE RECEIVABLES (continued)

(h) Movements in the impairment allowance for trade receivables are as follows (continued):

	<b>Lifetime ECL* allowance RM</b>	<b>Credit impaired RM</b>	<b>Total allowance RM</b>
<b>Non-current</b>			
Balance as at 1 January 2024	1,323,847	-	1,323,847
Charge for the financial year	479,408	-	479,408
	<u>1,803,255</u>	<u>-</u>	<u>1,803,255</u>
Balance as at 31 December 2024	<u>1,803,255</u>	<u>-</u>	<u>1,803,255</u>
Balance as at 1 January 2025	1,803,255	-	1,803,255
Charge for the financial year	1,078,359	-	1,078,359
Reversal of impairment losses	(173,555)	-	(173,555)
	<u>2,708,059</u>	<u>-</u>	<u>2,708,059</u>
Balance as at 31 December 2025	<u>2,708,059</u>	<u>-</u>	<u>2,708,059</u>

\*Expected credit losses

Credit impaired refers to individually determined debtors who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

## Notes To The Financial Statements

31 December 2025

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other receivables	331,628	282,643	-	-
Refundable deposits	461,430	628,767	2,000	2,000
Advance payments to third party suppliers	138,544	485,315	-	-
Total other receivables	931,602	1,396,725	2,000	2,000
Prepayments	482,877	592,770	-	-
	<u>1,414,479</u>	<u>1,989,495</u>	<u>2,000</u>	<u>2,000</u>

- (a) Total other receivables are classified as financial assets and measured at amortised cost.
- (b) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as past due more than one hundred and eighty (180) days on relative basis.

The probability of non-payment by other receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

## Notes To The Financial Statements

31 December 2025

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(c) The currency exposure profile of total other receivables (excluding prepayments) is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia (“RM”)	217,517	212,577	2,000	2,000
US Dollar (“USD”)	62,052	100,750	-	-
Hong Kong Dollar (“HKD”)	366,687	536,161	-	-
Renminbi (“RMB”)	285,346	547,237	-	-
	<u>931,602</u>	<u>1,396,725</u>	<u>2,000</u>	<u>2,000</u>

(d) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	Group	
	2025 RM	2024 RM
HKD/RM		
- strengthen 3% (2024: 3%)	8,360	12,224
- weaken 3% (2024: 3%)	<u>(8,360)</u>	<u>(12,224)</u>

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

## Notes To The Financial Statements

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### 12. AMOUNTS OWING BY SUBSIDIARIES

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Non-trade	8,615,685	6,699,169
Less: Accumulated impairment loss	-	-
	<u>8,615,685</u>	<u>6,699,169</u>

- (a) Amounts owing by subsidiaries are classified as financial asset and measured at amortised cost.
- (b) Amounts owing by subsidiaries are unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.
- (c) Amounts owing by subsidiaries are denominated in RM.
- (d) Impairment for the amounts owing by subsidiaries are recognised based on the simplified approach using the lifetime expected credit losses within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 11(b) to the financial statements.

No expected credit loss is recognised arising from amounts owing by subsidiaries as it is negligible.

### 13. AMOUNTS OWING BY RELATED PARTIES

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Current</b>		
Trade	156,657	10,660
Less: Accumulated impairment losses	(3,832)	(480)
	<u>152,825</u>	<u>10,180</u>

- (a) Amounts owing by related parties are classified as financial assets and measured at amortised cost.
- (b) Amounts owing by related parties arose from trade transactions and the normal trade credit terms granted by the Group is 90 days (2024: 90 days).

## Notes To The Financial Statements

31 December 2025

### 13. AMOUNTS OWING BY RELATED PARTIES (continued)

- (c) Amounts owing by related parties are denominated in RM.
- (d) Impairment for the amounts owing by related parties are recognised based on the simplified approach using the lifetime expected credit losses within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 10(g) to the financial statements.
- (e) Movements in the impairment allowance for amounts owing by related parties are as follows:

	<b>Group</b>	
	<b>Lifetime ECL allowance</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	480	62,353
Charge for the financial year	3,352	-
Reversal of impairment losses	-	(61,873)
	<u>3,832</u>	<u>480</u>
Balance as at 31 December	<u>3,832</u>	<u>480</u>

### 14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	4,139,610	11,573,199	515,133	4,917,622
Deposits with licensed banks	8,593,307	7,004,128	-	-
	<u>12,732,917</u>	<u>18,577,327</u>	<u>515,133</u>	<u>4,917,622</u>
Placement in funds	<u>1,198,199</u>	<u>1,106,636</u>	<u>59,540</u>	<u>37,015</u>

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Placement in funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

## Notes To The Financial Statements

31 December 2025

### 14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (continued)

(c) Placement in funds are classified as financial assets and measured at fair value through profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) The currency exposure profile of cash and bank balances and placement in funds is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia (“RM”)	12,068,383	17,647,932	574,673	4,954,637
US Dollar (“USD”)	234,737	74,042	-	-
Euro (“EUR”)	205,076	53,280	-	-
Hong Kong Dollar (“HKD”)	296,597	396,131	-	-
Renminbi (“RMB”)	237,178	635,297	-	-
Japanese Yen (“JPY”)	660,433	872,978	-	-
Singapore Dollar (“SGD”)	4,002	4,157	-	-
Australian Dollar (“AUD”)	224,710	146	-	-
	<u>13,931,116</u>	<u>19,683,963</u>	<u>574,673</u>	<u>4,954,637</u>

## Notes To The Financial Statements

31 December 2025

### 14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (continued)

- (e) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant:

	Group	
	2025	2024
	RM	RM
USD/RM		
- strengthen 3% (2024: 3%)	5,352	1,688
- weaken 3% (2024: 3%)	(5,352)	(1,688)
JPY/RM		
- strengthen 3% (2024: 3%)	15,058	19,904
- weaken 3% (2024: 3%)	(15,058)	(19,904)
RMB/RM		
- strengthen 3% (2024: 3%)	5,408	14,485
- weaken 3% (2024: 3%)	<u>(5,408)</u>	<u>(14,485)</u>

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

- (f) Deposits pledged to licensed banks amounting to RM6,874,617 (2024: RM5,785,225) are for term loans, bankers' acceptances and bank overdrafts granted to certain subsidiaries as disclosed in Note 19(b) and Note 20(b) to the financial statements.
- (g) Deposits are placed with licensed banks for varying periods of between three (3) months and one (1) year (2024: between three (3) months and one (1) year) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.
- (h) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period is 2.60% (2024: 3.01%).
- (i) Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.

## Notes To The Financial Statements

31 December 2025

### 14. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (continued)

(j) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	4,139,610	11,573,199	515,133	4,917,622
Deposits with licensed banks	8,593,307	7,004,128	-	-
Placement in funds	1,198,199	1,106,636	59,540	37,015
Bank overdrafts included in borrowings (Note 18)	(4,807,118)	(4,523,045)	-	-
	9,123,998	15,160,918	574,673	4,954,637
Less: Deposits pledged as securities	(6,874,617)	(5,785,225)	-	-
Placement in deposits with licensed banks with maturity of over three (3) months	(707,417)	(1,217,901)	-	-
	<u>1,541,964</u>	<u>8,157,792</u>	<u>574,673</u>	<u>4,954,637</u>

(k) No expected credit losses are recognised arising from deposits with financial institutions because the probability of default by these financial institutions is negligible.

### 15. SHARE CAPITAL

	Group and Company			
	2025 Number of ordinary shares	2024 Number of ordinary shares	2025 RM	2024 RM
<b>Issued and fully paid:</b>				
Balance as at 1 January/31 December	<u>240,593,796</u>	<u>240,593,796</u>	<u>65,428,449</u>	<u>65,428,449</u>

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## Notes To The Financial Statements

31 December 2025

### 16. RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Non-distributable:</b>				
Capital reserve	7,104	7,104	-	-
Foreign currency translation reserve	(674,957)	(669,567)	-	-
Reorganisation debit reserve	(36,914,958)	(36,914,958)	-	-
<b>Distributable:</b>				
Retained earnings /(Accumulated losses)	20,735,281	29,024,072	(70,473)	340,417
	<u>(16,847,530)</u>	<u>(8,553,349)</u>	<u>(70,473)</u>	<u>340,417</u>

#### (a) Capital reserve

Pursuant to applicable People's Republic of China ("PRC") regulations, subsidiaries of the Company incorporated in the PRC are required to allocate ten percent (10%) of their net profit for the financial year (after offsetting prior financial year losses, if any) to the statutory surplus reserve until it reaches fifty percent (50%) of their registered capital respectively. The transfer to the reserve shall be made before distribution of dividends to equity holders. The statutory surplus reserve could be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the respective subsidiaries, provided that the balance after such issue is not less than twenty-five percent (25%) of its registered capital.

#### (b) Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### (c) Reorganisation debit reserve

Reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital and reserves of SGIL, ORMSB and ERSSB and its subsidiaries pursuant to business combinations under common control.

## Notes To The Financial Statements

31 December 2025

### 17. DEFERRED TAX LIABILITIES

- (a) Components and movements of the deferred tax liabilities and (assets) during the financial year are as follows:

Deferred tax liabilities/(assets) of the Group

	<b>Property, plant and equipment RM</b>	<b>Trade receivables RM</b>	<b>Inventories RM</b>	<b>Others RM</b>	<b>Total RM</b>
Balance as at					
1 January 2025	4,169,639	(871,688)	(99,578)	(226,532)	2,971,841
Recognised in profit or loss (Note 33)	(366,603)	(347,641)	(24,556)	(264,515)	(1,003,315)
Exchange differences	(9,460)	-	-	-	(9,460)
Balance as at					
31 December 2025	<u>3,793,576</u>	<u>(1,219,329)</u>	<u>(124,134)</u>	<u>(226,532)</u>	<u>1,959,066</u>
Balance as at					
1 January 2024	4,645,497	764,591	(81,619)	(280,529)	5,047,940
Recognised in profit or loss (Note 33)	(474,004)	(1,636,279)	(17,959)	53,997	(2,074,245)
Exchange differences	(1,854)	-	-	-	(1,854)
Balance as at					
31 December 2024	<u>4,169,639</u>	<u>(871,688)</u>	<u>(99,578)</u>	<u>(226,532)</u>	<u>2,971,841</u>

## Notes To The Financial Statements

31 December 2025

### 17. DEFERRED TAX LIABILITIES (continued)

- (b) The amount of temporary differences for which no deferred tax asset has been recognised in the consolidated statement of financial position is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Unused tax losses		
- No expiry date	1,518,606	1,029,154
- Expires by 31 December 2025	-	479,400
- Expires by 31 December 2026	654,728	654,728
- Expires by 31 December 2027	213,245	213,245
- Expires by 31 December 2028	1,222,507	1,222,507
- Expires by 31 December 2029	1,525,567	1,525,567
- Expires by 31 December 2030	1,045,043	-
- Expires by 31 December 2034	116,453	116,453
- Expires by 31 December 2035	418,469	-
Unabsorbed capital allowance	895,353	9,323
Deductible temporary differences	59,885	63,360
	<u>7,669,857</u>	<u>5,313,737</u>

Deferred tax asset of subsidiaries from People's Republic of China and Hong Kong has not been recognised as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised. These unused tax losses are available for offsetting against future taxable profits, subject to the agreement with the tax authorities in the foreign jurisdictions.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the subsidiary incorporated in Malaysia can be carried forward up to ten (10) consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

The accumulated unrecognised deferred tax asset arising from unused tax losses amounting to RM479,400 from the financial year ended 31 December 2024 has expired in the current financial year.

# Notes To The Financial Statements

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## 18. BORROWINGS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Non-current liabilities</b>				
<b>Secured</b>				
Term loans (Note 19)	12,720,959	14,840,994	-	-
<b>Current liabilities</b>				
<b>Unsecured</b>				
Financial guarantee contracts	-	-	*	*
<b>Secured</b>				
Bankers' acceptances (Note 19)	12,324,760	15,505,737	-	-
Term loans (Note 19)	5,638,222	5,974,253	-	-
Revolving credit (Note 19)	1,500,000	1,000,000	-	-
Bank overdrafts (Notes 14(j) and 20)	4,807,118	4,523,045	-	-
	<u>24,270,100</u>	<u>27,003,035</u>	<u>-</u>	<u>-</u>
<b>Total borrowings</b>				
Bankers' acceptances (Note 19)	12,324,760	15,505,737	-	-
Term loans (Note 19)	18,359,181	20,815,247	-	-
Revolving credit (Note 19)	1,500,000	1,000,000	-	-
Bank overdrafts (Notes 14(j) and 20)	4,807,118	4,523,045	-	-
Financial guarantee contracts	-	-	*	*
	<u>36,991,059</u>	<u>41,844,029</u>	<u>-</u>	<u>-</u>

\* Amount is negligible.

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

# Notes To The Financial Statements

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## 18. BORROWINGS (continued)

(b) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:

(i) the amount of the loss allowance; and

(ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

(c) The currency exposure profile of borrowings is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia (“RM”)	33,669,969	39,839,291
US Dollar (“USD”)	1,198,377	113,370
Renminbi (“RMB”)	1,561,667	1,891,368
Euro (“EUR”)	561,046	-
	<u>36,991,059</u>	<u>41,844,029</u>

(d) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
USD/RM		
- strengthen 3% (2024: 3%)	(27,323)	(2,585)
- weaken 3% (2024: 3%)	<u>27,323</u>	<u>2,585</u>
RMB/RM		
- strengthen 3% (2024: 3%)	(35,606)	(43,123)
- weaken 3% (2024: 3%)	<u>35,606</u>	<u>43,123</u>

## Notes To The Financial Statements

31 December 2025

### 18. BORROWINGS (continued)

- (d) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant: (continued)

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of other foreign currency is not disclosed as it is not material to the Group.

- (e) The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to insignificant impact of discounting.

The carrying amounts of the non-current borrowings are reasonable approximation of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

- (f) Sensitivity analysis of interest rate as at the end of the reporting period assuming that all other variables remain constant are as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Loss after tax</b>		
- increase by 0.1% (2024: 0.1%)	(28,113)	(31,801)
- decrease by 0.1% (2024: 0.1%)	28,113	31,801
	<u>28,113</u>	<u>31,801</u>

There is no interest rate risk exposure to the equity, hence effect of change in the interest rate is not explained.

- (g) Information on liquidity and cash flow risk of borrowings is disclosed in Note 37 to the financial statements.

## Notes To The Financial Statements

31 December 2025

## 18. BORROWINGS (continued)

(h) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group	Weighted average effective interest rate per annum %	Within 1				Total RM
		year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	
<b>31 December 2025</b>						
<b>Floating rates</b>						
Bankers' acceptances	4.51	12,324,760	-	-	-	12,324,760
Term loans	5.19	5,638,222	5,670,401	4,617,376	2,433,182	18,359,181
Revolving credit	5.37	1,500,000	-	-	-	1,500,000
Bank overdrafts	6.63	4,807,118	-	-	-	4,807,118
<b>31 December 2024</b>						
<b>Floating rates</b>						
Bankers' acceptances	4.19	15,505,737	-	-	-	15,505,737
Term loans	5.41	5,974,253	5,352,522	9,488,472	-	20,815,247
Revolving credit	5.30	1,000,000	-	-	-	1,000,000
Bank overdrafts	7.69	4,523,045	-	-	-	4,523,045

# Notes To The Financial Statements

31 December 2025

## 19. TERM LOANS, REVOLVING CREDIT AND BANKERS' ACCEPTANCES

Term loans, revolving credit and bankers' acceptances of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment of subsidiaries (Note 5(d));
- (b) Pledge of short-term deposits of subsidiaries (Note 14(f)); and
- (c) Corporate guarantee from the Company and its subsidiary.

## 20. BANK OVERDRAFTS

Bank overdrafts of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment of subsidiaries (Note 5(d));
- (b) Pledge of short-term deposits of subsidiaries (Note 14(f)); and
- (c) Corporate guarantee from the Company.

## 21. HIRE PURCHASE AND LEASE LIABILITIES

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current liabilities</b>		
Hire purchase with financial institutions	460,235	415,122
Lease liabilities with non-financial institutions	528,047	706,784
	<u>988,282</u>	<u>1,121,906</u>
<b>Current liabilities</b>		
Hire purchase with financial institutions	168,448	294,755
Lease liabilities with non-financial institutions	514,389	2,079,249
	<u>682,837</u>	<u>2,374,004</u>
Total hire purchase and lease liabilities	<u><u>1,671,119</u></u>	<u><u>3,495,910</u></u>

## Notes To The Financial Statements

31 December 2025

### 21. HIRE PURCHASE AND LEASE LIABILITIES (continued)

- (a) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the respective Group entities' incremental borrowing rate.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

- (b) The Group has lease contract for a warehouse that contains variable payments based on the usage of square feet for stored stocks. Variable lease payments are recognised in profit or loss as disclosed in Note 31 to the financial statements when the condition that triggers those payments occur.

A 10% increase in square feet used for stored stocks would increase total lease payments by 1% (2024: 1%).

- (c) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the operations of the Group.

There are no potential future rental payments that are not included in the lease term.

- (d) Hire purchase and lease liabilities of the Group were secured by the financial institutions' charge over the assets under hire purchase as disclosed in Note 5(d) to the financial statements.
- (e) The weighted average effective interest rate per annum of the hire purchase liabilities is 5.10% (2024: 5.50%).
- (f) Sensitivity analysis for fixed rate hire purchase as at the end of the reporting period is not presented as they are not affected by changes in interest rates.
- (g) The currency exposure profile of hire purchase and lease liabilities is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia ("RM")	1,636,431	1,776,908
Hong Kong Dollar ("HKD")	16,377	1,714,325
Renminbi ("RMB")	18,311	4,677
	<u>1,671,119</u>	<u>3,495,910</u>

# Notes To The Financial Statements

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## 21. HIRE PURCHASE AND LEASE LIABILITIES (continued)

- (h) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
HKD/RM		
- strengthen 3% (2024: 3%)	(373)	(39,087)
- weaken 3% (2024: 3%)	373	39,087
	<u>373</u>	<u>39,087</u>

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of other foreign currency is not disclosed as it is not material to the Group.

- (i) Information on liquidity and cash flow risk of hire purchase and lease liabilities is disclosed in Note 37 to the financial statements.

## 22. TRADE PAYABLES

- (a) Trade payables are classified as financial liabilities and measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) month to three (3) months (2024: one (1) month to three (3) months).
- (c) The currency exposure profile of trade payables is as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia (“RM”)	3,631,843	4,579,269
US Dollar (“USD”)	339,766	197,530
Euro (“EUR”)	87,954	-
Renminbi (“RMB”)	300,313	-
	<u>4,359,876</u>	<u>4,776,799</u>

- (d) Sensitivity analysis of foreign currency is not disclosed as it is not material to the Group.
- (e) Information on liquidity and cash flow risk of trade payables is disclosed in Note 37 to the financial statements.

## Notes To The Financial Statements

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### 23. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Other payables	3,698,731	3,815,364	13,090	11,250
Accrued expenses	1,478,413	1,133,194	22,137	19,160
Advance received from third party receivables	-	225,074	-	-
	<u>5,177,144</u>	<u>5,173,632</u>	<u>35,227</u>	<u>30,410</u>

(a) Other payables and accrued expenses are classified as financial liabilities and measured at amortised cost.

(b) The currency exposure profile of other payables and accrued expenses is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia (“RM”)	2,334,785	2,208,007	35,227	30,410
US Dollar (“USD”)	132,833	46,033	-	-
Euro (“EUR”)	1,744,645	1,991,839	-	-
Renminbi (“RMB”)	372,066	564,928	-	-
Hong Kong Dollar (“HKD”)	294,188	109,134	-	-
Japanese Yen (“JPY”)	-	95,158	-	-
New Taiwan Dollar (“TWD”)	298,627	-	-	-
Australian Dollar (“AUD”)	-	141	-	-
Great British Pound (“GBP”)	-	158,392	-	-
	<u>5,177,144</u>	<u>5,173,632</u>	<u>35,227</u>	<u>30,410</u>

(c) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant:

	Group	
	2025 RM	2024 RM
EUR/RM		
- strengthen 3% (2024: 3%)	(39,778)	(45,414)
- weaken 3% (2024: 3%)	<u>39,778</u>	<u>45,414</u>

# Notes To The Financial Statements

31 December 2025

## 23. OTHER PAYABLES AND ACCRUED EXPENSES (continued)

- (c) The following table demonstrates the sensitivity of the loss net of tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant: (continued)

There is no foreign exchange rate risk exposure to the equity, hence the effect of change in the foreign exchange rate is not explained.

Sensitivity analysis of foreign currencies are not disclosed as they are not material to the Group.

- (d) Information on liquidity and cash flow risk of other payables and accrued expenses is disclosed in Note 37 to the financial statements.

## 24. AMOUNTS OWING TO RELATED PARTIES

- (a) Amounts owing to related parties are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to related parties arose from trade transactions and the normal trade credit term granted to the Group is 180 days (2024: 180 days).
- (c) Amounts owing to related parties are denominated in RM.
- (d) Information on liquidity and cash flow risk of amounts owing to related parties is disclosed in Note 37 to the financial statements.

## 25. AMOUNTS OWING TO DIRECTORS

- (a) Amounts owing to Directors are classified as financial liabilities and measured at amortised cost.
- (b) Amounts owing to Directors mainly arose from unpaid remunerations, which are interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (c) Amounts owing to Directors are denominated in RM.
- (d) Information on liquidity and cash flow risk of amounts owing to Directors is disclosed in Note 37 to the financial statements.

# Notes To The Financial Statements

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## 26. AMOUNT OWING TO A SUBSIDIARY

- (a) Amount owing to a subsidiary classified as financial liabilities and measured at amortised cost.
- (b) Amount owing to a subsidiary arose from non-trade transactions, which are interest-free and payable within next twelve (12) months in cash and cash equivalents.
- (c) Amount owing to a subsidiary are denominated in RM.

## 27. GOVERNMENT GRANT

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	318,960	348,408
Amortisation charge for the financial year	(29,449)	(29,448)
	<u>289,511</u>	<u>318,960</u>
Balance as at 31 December	<u>289,511</u>	<u>318,960</u>
Represented by:		
Current liabilities	29,444	29,444
Non-current liabilities	260,067	289,516
	<u>289,511</u>	<u>318,960</u>

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants have been received for the purchase of certain items of property, plant and equipment in the previous financial years. There are no unfulfilled conditions or contingencies attached to these grants.

## Notes To The Financial Statements

31 December 2025

### 28. REVENUE

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Revenue from contracts with customers		
<b>Recognised at point in time:</b>		
- sale of rubber based tyre retreaded products, new tyres, and related charges	<u>109,250,158</u>	<u>98,014,856</u>

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

Revenue from sale of products is recognised at a point in time when the products have been transferred to the customers and coincides with the delivery of products and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products.

There is no significant financing component in the revenue arising from sale of products as the sales are made on the normal credit terms not exceeding twelve months.

### 29. EMPLOYEE BENEFITS

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM</b>	<b>RM</b>
Wages, salaries, allowances and bonuses	13,585,818	13,113,094
Contributions to defined contribution plans	609,694	565,145
Social security contributions	157,112	130,734
Other employee benefits	<u>916,127</u>	<u>863,730</u>
	<u>15,268,751</u>	<u>14,672,703</u>

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM1,147,594 (2024: RM1,219,028) as further disclosed in Note 32 to the financial statements.

# Notes To The Financial Statements

31 December 2025

## 30. FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Finance income</b>				
Finance income from:				
- deposits with licensed banks	189,180	173,158	-	-
- others	5,490	3,829	4,555	2,142
	<u>194,670</u>	<u>176,987</u>	<u>4,555</u>	<u>2,142</u>
<b>Finance costs</b>				
Interest expense in relation to:				
- bankers' acceptances, revolving credit and bank overdrafts	1,114,555	1,006,309	-	-
- hire purchase and lease liabilities	157,333	303,153	-	-
- term loans	1,072,010	961,111	-	-
	<u>2,343,898</u>	<u>2,270,573</u>	<u>-</u>	<u>-</u>

Interest income is recognised on an accrual basis, using the effective interest method.

## 31. LOSS BEFORE TAXATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
After charging:				
Auditors' remuneration				
Statutory audit:				
- auditors of the Company				
- current year	187,000	176,000	25,000	22,000
- other auditors				
- current year	31,193	34,152	-	-
Non-statutory audit	6,000	6,000	6,000	6,000
Net impairment losses on financial assets (Note 31(b))	767,000	314,969	-	-

## Notes To The Financial Statements

31 December 2025

### 31. LOSS PROFIT BEFORE TAXATION (continued)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
After charging (continued):				
Property, plant and equipment written off	4,462	2,710	-	-
Realised loss on foreign exchange	1,391,143	-	-	-
Variable lease payments - based on the usage of square feet for stored stocks	294,467	304,846	-	-
Unrealised loss on foreign exchange	-	812,932	-	310
And crediting:				
Dividend income on other investments	-	54,606	-	7,500
Dividend income on placement in funds	17,617	265,017	-	154,950
Interest income on other investments	21,400	-	21,400	-
Gain on reassessment and modification of lease	19,412	2,292	-	-
Gain on disposal of property, plant and equipment	37,793	64,582	-	-
Realised gain on foreign exchange	-	365,812	-	-
Unrealised gain on foreign exchange	315,260	-	-	-

(a) Dividend income is recognised when the right to receive payment is established.

# Notes To The Financial Statements

31 December 2025

## 31. LOSS PROFIT BEFORE TAXATION (continued)

(b) Net impairment losses on financial assets recognised in profit or loss were as follows:

	Note	Group	
		2025 RM	2024 RM
Impairment losses on:			
- trade receivables	10(h)	1,328,546	555,510
- amount owing to related parties	13(e)	3,352	-
		<u>1,331,898</u>	<u>555,510</u>
Reversal of impairment losses on:			
- trade receivables	10(h)	(564,898)	(178,668)
- amount owing to related parties	13(e)	-	(61,873)
		<u>(564,898)</u>	<u>(240,541)</u>
Net impairment losses on financial assets		<u>767,000</u>	<u>314,969</u>

## 32. DIRECTORS' REMUNERATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company:				
Executive:				
Fees	145,982	191,716	105,000	105,000
Other emoluments	1,100,861	1,183,877	-	-
Non-executive:				
Fees	210,000	225,000	195,000	195,000
Other emoluments	11,000	11,000	-	-
Directors of the subsidiaries:				
Executive:				
Fees	5,491	35,858	-	-
Other emoluments	46,733	35,151	-	-
Total	<u>1,520,067</u>	<u>1,682,602</u>	<u>300,000</u>	<u>300,000</u>

# Notes To The Financial Statements

31 December 2025

## 32. DIRECTORS' REMUNERATION (continued)

Estimated monetary value of benefits-in-kind provided to the Executive Directors of the Company is RM107,500 (2024: RM106,280).

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	Executive	Non-Executive
<b>2025</b>		
RM1 - RM50,000	-	4
RM50,001 - RM100,000	-	1
RM250,001 - RM350,000	1	-
RM350,001 - RM400,000	1	-
RM650,001 - RM700,000	1	-
<b>2024</b>		
RM1 - RM50,000	-	4
RM50,001 - RM100,000	-	1
RM300,001 - RM350,000	1	-
RM350,001 - RM400,000	1	-
RM600,001 - RM650,000	1	-

## Notes To The Financial Statements

31 December 2025

### 33. TAXATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense based on loss for the financial year	666,141	260,928	-	-
Under/(Over) provision in prior years	324,879	(104,663)	-	(40,886)
	991,020	156,265	-	(40,886)
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(1,293,890)	(1,059,957)	-	-
Under/(Over) provision in prior years	290,575	(1,014,288)	-	-
	(1,003,315)	(2,074,245)	-	-
Taxation	(12,295)	(1,917,980)	-	(40,886)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

## Notes To The Financial Statements

31 December 2025

### 33. TAXATION (continued)

(c) Numerical reconciliation between the taxation and the product of accounting loss multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss before taxation	<u>(8,301,086)</u>	<u>(5,787,443)</u>	<u>(410,890)</u>	<u>(772,890)</u>
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(1,992,261)	(1,388,986)	(98,614)	(185,494)
Tax effects in respect of:				
Non-allowable expenses	882,772	261,913	104,020	229,192
Non-taxable income	(197,567)	(146,243)	(5,406)	(43,698)
Different tax rates in foreign jurisdiction	25,999	(2,134)	-	-
Deferred tax assets not recognised	653,308	476,421	-	-
	<u>(627,749)</u>	<u>(799,029)</u>	<u>-</u>	<u>-</u>
Under/(Over) provision of current tax expense in prior years	324,879	(104,663)	-	(40,886)
Under/(Over) provision of deferred tax in prior years	<u>290,575</u>	<u>(1,014,288)</u>	<u>-</u>	<u>-</u>
Total taxation	<u>(12,295)</u>	<u>(1,917,980)</u>	<u>-</u>	<u>(40,886)</u>

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdictions.

## Notes To The Financial Statements

31 December 2025

### 33. TAXATION (continued)

(d) Tax effect on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
<b>At 31 December 2025</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	(5,390)	-	(5,390)
<b>At 31 December 2024</b>			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations	297,132	-	297,132

### 34. LOSS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2025 RM	2024 RM
Loss for the financial year attributable to owners of the parent	(8,288,791)	(3,869,463)
Weighted average number of ordinary shares in issue (unit)	240,593,796	240,593,796
Basic loss per ordinary share for (sen):	(3.45)	(1.61)

(b) Diluted

The diluted earnings per ordinary share equals basic loss per ordinary share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

# Notes To The Financial Statements

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## 35. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Tai Hin & Son (PG) Sdn. Bhd., major shareholder;
  - (ii) Direct and indirect subsidiaries of the major shareholder;
  - (iii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements; and
  - (iv) The key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.
- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>With major shareholder:</b>				
Tai Hin & Son (PG) Sdn. Bhd.				
- rental paid	329,000	270,000	-	-
<b>With direct and indirect subsidiaries of major shareholder:</b>				
Tayarmart (M) Sdn. Bhd.				
- sale of trading goods	1,001,506	994,392	-	-
- purchase of raw materials	43,310	58,889	-	-
- purchases of services	4,110	10,095	-	-

# Notes To The Financial Statements

31 December 2025

## 35. RELATED PARTY DISCLOSURES (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>With direct and indirect subsidiaries of major shareholder (continued):</b>				
Tayarmart (Raja Uda) Sdn. Bhd.				
- sale of trading goods	65,883	70,058	-	-
- purchase of raw materials	12,211	10,136	-	-
- purchases of services	3,140	540	-	-
	<u>71,234</u>	<u>80,734</u>	<u>-</u>	<u>-</u>

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

(c) Compensation of Directors and key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fees	361,473	452,574	300,000	300,000
Short term employee benefits	1,765,147	1,896,324	-	-
Contributions to defined contribution plans	111,760	109,254	-	-
	<u>2,238,380</u>	<u>2,458,152</u>	<u>300,000</u>	<u>300,000</u>

## Notes To The Financial Statements

31 December 2025

### 36. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the Group remains unchanged from the previous financial year.

Capital structure of the Group is represented by the equity of the Group.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

The Group monitors capital utilisation on the basis of net debt-to-equity ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings including hire purchase and lease liabilities less cash and bank balances and placement in funds. Capital represents equity attributable to the owners of the parent.

The net debt-to-equity ratios as at the end of the reporting period are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Borrowings	36,991,059	41,844,029	-	-
Hire purchase and lease liabilities	1,671,119	3,495,910	-	-
Less: Cash and bank balances	(12,732,917)	(18,577,327)	(515,133)	(4,917,622)
Placement in funds	(1,198,199)	(1,106,636)	(59,540)	(37,015)
Net debt/(Net cash)	<u>24,731,062</u>	<u>25,655,976</u>	<u>(574,673)</u>	<u>(4,954,637)</u>
Total capital	<u>48,580,919</u>	<u>56,875,100</u>	<u>65,357,976</u>	<u>65,768,866</u>
Net debt-to-equity ratio	<u>0.51</u>	<u>0.45</u>	<u>*</u>	<u>*</u>

\* No net debt-to-equity ratio is presented as the Company is in net cash position.

# Notes To The Financial Statements

31 December 2025

## 36. CAPITAL MANAGEMENT (continued)

The Group is subject to the following externally imposed capital requirements:

- (i) Gearing ratio of not more than 1.25 times;
- (ii) Current ratio of not less than 1.1 times;
- (iii) Trade advances to related companies should not exceed 10% of revenue or net trade advances to related companies shall not exceed 6% of revenue; and
- (iv) The borrower shall not declare any dividends in excess of 50% of its current financial year's profit after tax provided always any such permissible declaration of dividends may only be made if debt servicing is current.

The Group has complied with these externally imposed capital requirements as at the end of the reporting period.

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital. The Company has complied with this requirement for the financial year ended 31 December 2025.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer/Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, credit risk and interest rate risk. Information on the management of the related exposures is detailed below.

### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales, purchase and borrowings that are denominated in a currency other than the functional currency of the Group.

Subsidiaries operating in overseas have assets and liabilities together with expected cash flows from anticipated transactions denominated in those foreign currencies.

## Notes To The Financial Statements

31 December 2025

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (continued)

#### (a) Foreign currency risk (continued)

The sensitivity analysis for foreign currency risk has been disclosed in Note 10, Note 11, Note 14, Note 18, Note 21, Note 22 and Note 23 to the financial statements respectively.

#### (b) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligation due to shortage of funds. The exposure of the Group to liquidity and cash flow risk arises primarily from mismatches of maturity of financial assets and financial liabilities.

It is the policy of the Group to ensure its ability to service its cash obligation in the future by way of measures and forecasts of its cash commitments, monitoring and maintaining a level of cash and bank balances deemed adequate to the operations and development activities of the Group. The Group also maintains flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the financial liabilities and lease liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) year RM</b>	<b>More than five (5) year RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>31 December 2025</b>				
Trade payables	4,359,876	-	-	4,359,876
Other payables and accrued expenses	5,177,144	-	-	5,177,144
Amounts owing to related parties	68,880	-	-	68,880
Amounts owing to Directors	200,667	-	-	200,667
Borrowings	24,389,069	11,393,295	2,614,755	38,397,119
Hire purchase and lease liabilities	746,792	1,063,244	-	1,810,036
Total undiscounted liabilities	<u>34,942,428</u>	<u>12,456,539</u>	<u>2,614,755</u>	<u>50,013,722</u>

## Notes To The Financial Statements

31 December 2025

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (continued)

#### (b) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the financial liabilities and lease liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations as follows (continued):

	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) year RM</b>	<b>More than five (5) year RM</b>	<b>Total RM</b>
<b>31 December 2024</b>				
Trade payables	4,776,799	-	-	4,776,799
Other payables and accrued expenses	5,173,632	-	-	5,173,632
Amounts owing to related parties	61,245	-	-	61,245
Amounts owing to Directors	201,776	-	-	201,776
Borrowings	27,927,333	15,995,456	-	43,922,789
Hire purchase and lease liabilities	2,508,871	1,222,388	14,200	3,745,459
Total undiscounted liabilities	<u>40,649,656</u>	<u>17,217,844</u>	<u>14,200</u>	<u>57,881,700</u>

	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) year RM</b>	<b>Total RM</b>
<b>Company</b>			
<b>31 December 2025</b>			
Amount owing to a subsidiary	1,000,000	-	1,000,000
Other payables and accrued expenses	35,227	-	35,227
Financial guarantee contracts	30,838,001	-	30,838,001
Total undiscounted financial liabilities	<u>31,873,228</u>	<u>-</u>	<u>31,873,228</u>
<b>31 December 2024</b>			
Other payables and accrued expenses	30,410	-	30,410
Financial guarantee contracts	37,980,998	-	37,980,998
Total undiscounted financial liabilities	<u>38,011,408</u>	<u>-</u>	<u>38,011,408</u>

# Notes To The Financial Statements

31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (continued)

### (c) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms and deposits with licensed banks and financial guarantees given to banks for banking facilities granted to subsidiaries. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

#### Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount recognised of each class of financial assets in the statements of financial position.

#### Credit risk concentration profile

Two (2) (2024: two (2)) largest customers accounted for RM3,411,000 or 13.32% (2024: RM4,031,000 or 13.97%) of the net trade receivables, after taken in collateral obtained, representing the Group's significant concentration of credit risks.

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiary amounted to RM30,838,001 (2024: RM37,980,998) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

#### Recognition and measurement of impairment loss of financial guarantee contracts

The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- (i) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- (ii) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the subsidiary using internal information available. No impairment loss is recognised arising from financial guarantees as it is negligible.

# Notes To The Financial Statements

31 December 2025

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (continued)

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates. The exposure to market risk of the Group for changes in interest rates relates primarily to the bank borrowings including hire purchase and lease liabilities and deposits placed with licensed banks of the Group.

#### Sensitivity analysis for interest rate risk

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 14, Note 18 and Note 21 to the financial statements respectively.

## 38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### (a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendment of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

#### (a) Amendments to MFRS 121 *Lack of Exchangeability*

The Amendments introduce guidance on determining the appropriate exchange rate when a currency lacks exchangeability and require disclosures on the nature of the restrictions, the basis for estimating the exchange rate and the resulting effects on the entity’s financial position, financial performance and cash flows.

This Amendment had no impact on the consolidated financial statements of the Group and of the Company as the Group and the Company were not exposed to any non-exchangeable currencies as at the reporting date.

# Notes To The Financial Statements

31 December 2025

## 38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

### (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

The following are Standard and Amendments to the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependant Electricity</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendment to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosure</i>	1 January 2027
Amendment to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

## 39. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Since the end of February 2026, ongoing geopolitical tensions in the Middle East have contributed to elevated energy prices, intermittent global supply chain disruptions, and increased volatility in global currency movements. These factors may, if prolonged, place indirect pressure on input costs and consumer sentiment.

As of the date of this report, management is unable to reliably quantify the financial effect of these developments on the financial statements for the financial year ended 31 December 2025, as the outcome remains dependent on factors that are not presently determinable. These include the duration and severity of the disruptions, future movements in oil prices, the degree of secondary impacts on the Group's supply chain, and the effectiveness of the Group's mitigation actions. Accordingly, a reasonable estimate of the financial effect cannot presently be made. The Group will continue to monitor developments and assess the potential operational and financial implications of the developments.

# Analysis of Shareholders

As at 31 March 2026

## Share capital

Total number of issued shares	: 240,593,796
Issued share capital	: RM65,428,449
Class of Shares	: Ordinary shares
Voting Rights	: 1 vote for each ordinary share held on a poll
No. of shareholders	: 1,422 shareholders

## Distribution of shareholdings as at 31 March 2026

(as per the Record of Depositors)

Size of Holdings	No. of holders	% of holders	No. of shares held	% of issued shares
1-99	4	0.28	100	*
100-1,000	162	11.39	83,600	0.03
1,001-10,000	597	41.98	3,853,600	1.60
10,001-100,000	511	35.94	18,333,300	7.62
100,000 to less than 5% of issued shares	146	10.27	96,041,412	39.92
5% and above issued shares	2	0.14	122,281,784	50.83
<b>Total</b>	<b>1,422</b>	<b>100.00</b>	<b>240,593,796</b>	<b>100.00</b>

Note:

\* Negligible

## Shareholdings of substantial shareholders as at 31 March 2026

(as per Register of Substantial Shareholders)

Name of substantial shareholder	<----- Direct ----->		<----- Indirect ----->	
	No. of shares held	%	No. of shares held	%
Tai Hin & Son (PG) Sdn Bhd	116,893,546	48.59	-	-
The Estate of Dato' Seri Cheah Eu Kiat, deceased	15,388,238	6.40	116,893,546	48.59
Eu Ah Seng	4,707,350	1.96	<sup>(1)</sup> 12,000,000	4.99

Note:

(1) Deemed interested by virtue of his interest in EAS & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

# Analysis of Shareholders

As at 31 March 2026

## Shareholdings of Directors as at 31 March 2026

(as per Register of Directors' Shareholdings)

Name of Directors	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Tan Sri Dato' Dr. Sak Cheng Lum	-	-	-	-
Eu Ah Seng	4,707,350	1.96	<sup>(1)</sup> 12,000,000	4.99
Cheah Siang Tee	750,000	0.31	-	-
Cheah Eu Lee	2,000,000	0.83	-	-
Haji Mohd Isa Bin Haji Talib	-	-	-	-
Ng Meng Kwai	-	-	-	-
Ong Beow Chieh	-	-	-	-

### Notes:

(1) Deemed interested by virtue of his interest in EAS & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## List of top 30 largest securities account holders

(as per the Record of Depositors as at 31 March 2026)

No.	Name of Shareholder	No. of shares	% of shares
1.	Tai Hin & Son (PG) Sdn Bhd	106,893,546	44.43
2.	The Estate of Cheah Eu Kiat, deceased	15,388,238	6.40
3.	EAS & Sons Sdn Bhd	12,000,000	4.99
4.	Tai Hin & Son (PG) Sdn Bhd	10,000,000	4.16
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sang Ah Weng (E-MLB)	7,611,575	3.16
6.	Eu Ah Seng	4,707,350	1.96
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy (8092812)	3,352,600	1.39
8.	Goh Kim Han	2,738,500	1.14
9.	Esmond Sit Bo Sheng	2,300,000	0.96
10.	Cheah Eu Lee	2,000,000	0.83
11.	Ooi Lay See	1,700,000	0.71
12.	Lim See Lian	1,609,800	0.67
13.	Alvin Sit Bo Choong	1,418,300	0.60
14.	Tan Loon Chye	1,089,000	0.45
15.	Sit Peng Chung	1,026,000	0.43

# Analysis of Shareholders

As at 31 March 2026

## List of top 30 largest securities account holders (Cont'd)

(as per the Record of Depositors as at 31 March 2026)

No.	Name of Shareholder	No. of shares	% of shares
16.	Chin Mun Fie	1,017,000	0.42
17.	LNH Holdings Sdn Bhd	1,000,000	0.42
18.	Pichet Nithivasin	1,000,000	0.42
19.	Koid Lay Peng	997,400	0.41
20.	Tan Huen Man	986,211	0.41
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tang Way Keong (E-TMI)	973,100	0.40
22.	Kong Food Kim	956,500	0.40
23.	Loh Nam Hooi	887,800	0.37
24.	Tan Lin Chang	805,600	0.33
25.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Beow Soon	779,400	0.32
26.	Cheah Siang Tee	750,000	0.31
27.	Nursuriani Sit Binti Abdullah	746,500	0.31
28.	Lee Nam Choon	700,000	0.29
29.	Lim Shaw Siang	700,000	0.29
30.	Public Nominees (Asing) Sdn Bhd Pledged Securities Account For Liu, Jen-Cheng (E-TMM/BDR)	700,000	0.29
<b>Total</b>		<b>186,834,420</b>	<b>77.67</b>

## Properties Held by the Group

Location/ Postal address	Registered/beneficial owner	Description/existing use	Tenure	Land/Built-up area	Year of acquisition/revaluation	Date of issuance of certificate	Carrying amount (RM)
Lot 69531, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 82, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as Eversafe Rubber Works Sdn Bhd)	A detached single-storey factory building/ Manufacturing facility	99-year leasehold, expiring on 31 October 2075	43,751 sq. ft./ 40,146 sq. ft.	1989/-	#	882,086
Lot 70070, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 90, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as Eversafe Rubber Works Sdn Bhd)	Two (2) detached single-storey factory buildings/ Manufacturing facility and warehouse	99-year leasehold, expiring on 1 September 2075	102,511 sq. ft./ 38,508 sq. ft.	2012/-	CCC: 09.07.2015	6,243,922
Lot 70074, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 93, Tasek Industrial Estate, Ipoh)	Eversafe Rubber Processing Sdn Bhd (formerly known as Eversafe Trading Sdn Bhd)	A detached double-storey factory building with a single-storey warehouse and laboratory/ Manufacturing facility and warehouse	99-year leasehold, expiring on 30 June 2076	41,790 sq. ft./ 33,782 sq. ft.	1980/-	#	1,612,849
Lot 76187, Kawasan Perindustrian Tasek, Mukim Hulu Kinta, Perak Darul Ridzuan  (also referred to as Lot 94, Tasek Industrial Estate, Ipoh)	Eversafe Retreading Solution Sdn Bhd (formerly known as Eversafe Rubber Works Sdn Bhd)	A detached single-storey warehouse with an annexed double-storey office lot and warehouse	99-year leasehold, expiring on 17 March 2079	41,968 sq. ft./ 23,513 sq. ft.	2000/-	#	1,174,010

**Note:**

(#) We do not have a copy of the CF for Lots 82, 93 and 94 and have requested for a copy from Majlis Bandaraya Ipoh ("MBI"). As indicated by MBI in its letter dated 2 March 2015, MBI is unable to provide us with a copy of the CF as MBI does not have a copy in its records as these premises are old buildings. MBI has informed us in the same letter that it has no objection for us to occupy these premises. In addition, we had submitted the redrawn building plans to MBI for its assessment and MBI had subsequently approved the building plans on 16 June 2015.

# Notice of Eleventh Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of **EVERSAFE RUBBER BERHAD** will be held at Conference 2, Level 2, WEIL Hotel, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 19 May 2026 at 11.00 a.m. to transact the following business:-

## AGENDA

### ORDINARY BUSINESS

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and Auditors thereon. | <b>Please refer to Explanatory Note 1</b> |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 127 of the Company's Constitution:-                                |   |
|    | i. Ms. Ong Beow Chieh  | <b>Resolution 1</b>                       |
|    | ii. Tan Sri Dato' Dr. Sak Cheng Lum  | <b>Resolution 2</b>                       |
| 3. | To approve the Directors' fees of RM300,000.00 for the financial year ending 31 December 2026.   | <b>Resolution 3</b>                       |
| 4. | To approve the Directors' benefits of up to RM1,500,000.00 for the period from 1 July 2026 to 30 June 2027.                                      | <b>Resolution 4</b>                       |
| 5. | To re-appoint BDO PLT as Auditors of the Company and authorise the Directors to fix their remuneration.  | <b>Resolution 5</b>                       |

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following Ordinary Resolutions:-

- |    |  |                     |
|----|--|---------------------|
| 6. | <b>Authority to Issue and Allot Shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016</b> | <b>Resolution 6</b> |
|----|--|---------------------|

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (the "Act"), ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

# Notice of Eleventh Annual General Meeting

## **SPECIAL BUSINESS (CONT'D)**

**6. Authority to Issue and Allot Shares of the Company Pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

**7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

**Resolution 7**

"THAT subject to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary (ies) to enter into recurrent related party transactions of revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to Shareholders dated 20 April 2026 (the "Circular"), subject further to the following:-

- i. the Recurrent Related Party Transactions are entered into in the ordinary course of business on transaction prices and terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;
- ii. the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this shareholders' mandate was passed, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (the "Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and /or authorised by this Ordinary Resolution."

# Notice of Eleventh Annual General Meeting

## **SPECIAL BUSINESS (CONT'D)**

8. **Authority for Tan Sri Dato' Dr. Sak Cheng Lum to continue in office as an Independent Non-Executive Director** **Resolution 8**
- "THAT authority be and is hereby given to Tan Sri Dato' Dr. Sak Cheng Lum who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
9. **Authority for Mr. Ng Meng Kwai to continue in office as a Senior Independent Non-Executive Director** **Resolution 9**
- "THAT authority be and is hereby given to Mr. Ng Meng Kwai who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
10. **Authority for Haji Mohd Isa Bin Haji Talib to continue in office as an Independent Non-Executive Director** **Resolution 10**
- "THAT authority be and is hereby given to Haji Mohd Isa Bin Haji Talib who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
11. **Authority for Ms. Ong Beow Chieh to continue in office as an Independent Non-Executive Director** **Resolution 11**
- "THAT authority be and is hereby given to Ms. Ong Beow Chieh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."
12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

### BY ORDER OF THE BOARD

KHAW TEIK THYE (SSM PC NO. 202208000728) (MIA 11616)

CHONG LAY KIM (SSM PC NO. 202008001920) (LS 0008373)

Company Secretaries

Selangor

20 April 2026

# Notice of Eleventh Annual General Meeting

## Notes:

1. A member of a company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
2. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A Member of the Company, including an Authorised Nominee or an Exempt Authorised Nominee, who is entitled to attend and vote at meeting of the Company, or at a meeting of any class of members of the Company, may appoint one or more proxies to attend and vote instead of the member at the meeting.
4. Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
5. The instruments appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend the Eleventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 11 May 2026. Only depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.

## Explanatory Notes:

### 1. **Agenda item no. 1 – Audited Financial Statements for the financial year ended 31 December 2025**

This item 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 shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

### 2. **Proposed Resolutions 1 and 2 – Re-election of Directors**

Ms. Ong Beow Chieh and Tan Sri Dato' Dr. Sak Cheng Lum who are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Eleventh Annual General Meeting.

The Board of Directors (the "Board") has through the Nominating Committee ("NC"), considered the performance and contribution of each of the retiring Directors and collectively agreed that they meet the criteria prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") on skill, expertise, experience, professionalism, commitment, integrity, character, competence and the time to effectively discharge their role as Directors.

The Board has endorsed the NC's recommendation to seek shareholders' approval for the re-election of retiring Directors.

The details and profiles of Directors seeking re-election are set out in the Profile of Directors section of the Company's Annual Report 2025 at pages 5 and 8.

# Notice of Eleventh Annual General Meeting

## Explanatory Notes: (Cont'd)

### 3. **Proposed Resolution 3 – Payment of Directors' Fees**

The proposed Directors' Fees for the financial year ending 31 December 2026 are based on the current Board size and are in accordance with the Company's policy and guidelines.

### 4. **Proposed Resolution 4 – Payment of Directors' Benefits**

This ordinary resolution is to facilitate the payment of Directors' benefits for Directors' and Officers' insurance for the period from 1 July 2026 to 30 June 2027. If the proposed Directors' benefits are insufficient (e.g., due to an enlarged Board size, etc.), approval will be sought for the shortfall at the next Annual General Meeting of the Company in 2027.

### 5. **Proposed Resolution 5 – Re-appointment of Auditors**

The Board, through the Audit Committee, has considered the experience and effectiveness, the suitability and independence of the auditors and recommended the re-appointment of BDO PLT as Auditors of the Company.

### 6. **Proposed Resolution 6 – Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement, option, or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time (the 'Proposed General Mandate').

The authority for the Proposed General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or at the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed resolution is a renewal of the previous year's mandate. The mandate is intended to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain shareholders' approval, thereby avoiding additional costs and time.

The purpose of the Proposed General Mandate, if passed, is to enable the Directors to take swift action in the event of a need to issue and allot new shares in the Company for fundraising purposes, including but not limited to the further placement of shares for funding current and/or future investment projects, working capital, acquisitions, and/or for the issuance of shares as settlement of purchase consideration. It also covers other circumstances that may arise, such as the grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement, option, or offer, or any other applications the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Tenth AGM held on 15 May 2025 and will lapse at the conclusion of the Eleventh AGM to be held on 19 May 2026. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

### 7. **Proposed Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiary(ies) to enter into recurrent transactions involving the interests of Related Parties, which are necessary for the Group's day-to-day operations and will be undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms and prices that are not to the detriment of the minority shareholders of the Company.

For further information, please refer to the Circular to Shareholders dated 20 April 2026, accompanying the Company's Annual Report for the financial year ended 31 December 2025.

# Notice of Eleventh Annual General Meeting

## Explanatory Notes: (Cont'd)

### 8. Proposed Resolutions 8, 9, 10 and 11 – Authority to continue in office as an Independent Non-Executive Director

The Board, through its Nominating Committee, has conducted an annual assessment of Tan Sri Dato' Dr. Sak Cheng Lum, Mr. Ng Meng Kwai, Haji Mohd Isa Bin Haj Talib and Ms. Ong Beow Chieh, who have served as Independent Non-Executive Directors for a cumulative term of more than nine years.

The Board is satisfied that they have maintained their independence and recommends their continued service as an Independence Non-Executive Directors of the Company respectively, based on the following justifications:-

- a. they meet the criteria set out under the definition of "Independent Director" in the Listing Requirements and are able to provide independent and objective judgement to the Board;
- b. they possess vast experience in their respective industries, providing the Board with a diverse range of experience, expertise and independent judgement;
- c. they have an in-depth understanding of the Company and its subsidiaries' business operations;
- d. they have devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
- e. they have exercised due care during their tenure as Independent Non-Executive Directors and carried out their duties in the best interest of the Company and its shareholders.

In accordance with Practice 5.3 of the Malaysian Code on Corporate Governance, the Company will adopt a two-tier voting process when seeking shareholders' approval for the proposed Resolutions 8, 9,10 and 11.

## STATEMENT ACCOMPANYING NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements to Bursa Malaysia Securities Berhad

As at date of this notice, there are no individuals who are standing for election as Directors at this Eleventh Annual General Meeting.

# Administrative Guide

FOR THE CONDUCT OF ELEVENTH ANNUAL GENERAL MEETING ("11TH AGM")

Day and Date : Tuesday, 19 May 2026  
Time : 11.00 a.m.  
Venue : Conference 2, Level 2, WEIL Hotel, Jalan Sutan Idris Shah, 30000 Ipoh Perak, Darul Ridzuan

## DEAR SHAREHOLDERS OF EVERS SAFE RUBBER BERHAD (THE "COMPANY")

### Individual Members

If the shareholder is not able to attend the 11th AGM on 19 May 2026, he/she can appoint a proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

### Corporate Members

Corporate members who wish to appoint corporate representatives, instead of a proxy, to attend and vote at the 11th AGM must deposit the original or duly certified copy of the appointment of corporate representative with the Company's Share Register no later than Sunday, 17 May 2026 at 11.00 a.m.

Attorneys appointed by power of attorney must deposit the original power of attorney with the Company's Share Registrar no later than Sunday, 17 May 2026 at 11.00 a.m. in order to attend and vote at the 11th AGM.

### Eligibility to Attend Based on the Record of Depositors

Only shareholders whose names appear on the Record of Depositors as of 11 May 2026 shall be entitled to attend the 11th AGM or appoint proxy(ies) to attend and/or vote on their behalf.

### Appointment of Proxy

A shareholder who is unable to attend the 11th AGM on 19 May 2026 may appoint a proxy and indicate the voting instructions on the form of proxy. Please deposit the completed form of proxy with the Company's Share Register, Tricor Investors & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Alternatively, you may also submit the form of proxy electronically via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com>, not less than forty-eight (48) hours before the time appointed for the 11th AGM or any adjournment thereof. Failure to do so will result in the form of proxy not being treated as valid. Please read and follow the procedures outlined below to submit form of proxy electronically.

# Administrative Guide

FOR THE CONDUCT OF ELEVENTH ANNUAL GENERAL MEETING ("11TH AGM")

## Electronic Lodgement of Form of Proxy

The steps for submitting your Form of Proxy electronically via The Portal are summarised below:-

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User at The Portal	<ul style="list-style-type: none"> <li>Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>Click "Register" and select "Individual Holder" and complete the New User Registration Form.</li> <li>For guidance, you may refer to the tutorial guide available on the homepage.</li> <li>Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved.</li> <li>Once you receive the confirmation, activate your account by creating your password.</li> </ul> <p><i>If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>After the Company releases the Notice of Meeting, log in using your email address and password.</li> <li>Select the corporate event: "<b>EVERSAFE 11TH AGM</b>".</li> <li>Navigate to the 3 dots at the end of the corporate event and choose "<b>SUBMISSION OF PROXY FORM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and then confirm the Declaration.</li> <li>Indicate the total number of shares assigned your proxy(ies) to vote on your behalf.</li> <li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Print the form of proxy for your records.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User at The Portal	<ul style="list-style-type: none"> <li>Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a>.</li> <li>Click "Register" and select "Individual Holder" and complete the New User Registration Form.</li> <li>For guidance, you may refer to the tutorial guide available on the homepage.</li> <li>Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved.</li> <li>Once you receive the confirmation, activate your account by creating your password.</li> </ul> <p><i>Note: The representative of a corporation or institutional shareholder must first register as a user following the steps outlined above before subscribing to the corporate holder electronic proxy submission. If you need any clarification regarding the user registration process, please contact our Share Register.</i></p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>Log in to <a href="https://srmy.vistra.com">https://srmy.vistra.com</a> with your email address and password.</li> <li>Select the corporate event: "<b>EVERSAFE 11TH AGM</b>".</li> <li>Navigate to the icon "&gt;" at the end of the corporate event.</li> <li>Read and agree to the Terms &amp; Conditions and then confirm the Declaration.</li> <li>Select the corporate holder's name.</li> <li>Proceed to download the submission file.</li> <li>Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "<b>Confirm</b>" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

The last date and time for lodging the Form of Proxy is Sunday, 17 May 2026 at 11.00 a.m.

# Administrative Guide

FOR THE CONDUCT OF ELEVENTH ANNUAL GENERAL MEETING ("11TH AGM")

## Registration On The day of the 11th AGM

Registration will begin at 10.00 a.m. at Conference 2, Level 2, WEIL Hotel, 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

Please ensure that you present your original MyKad or passport during registration for verification.

After verification of your MyKad or passport and signing the attendance list, you will be issued an identification wristband for entry into the meeting room. Note that there will be no replacements for wristbands in the event they are lost or misplaced.

You must wear the identification wristband to enter the meeting hall. Without it, entry will be prohibited.

Please be advised that you are not permitted to register on behalf of another person, even if you have their original MyKad or passport.

To avoid congestion, kindly vacate the registration area immediately after completing your registration. If you have any inquiries, please visit the Help Desk counter located near the registration area.

## Enquiry

If you have any enquiries on the above, please contact the following persons during office hours on Monday to Friday from 9.00 a.m. to 5.30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

General Line: 603-2783 9299  
Contact person:  
Mr. Azad 603-2783 9284  
Mr. Darwin 603-2783 9246  
Email: [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)



^ Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your company (if any) and executed by:
  - (i) at least two (2) authorised officers, of whom one shall be a director; or
  - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**Notes:**

1. A member of a company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company.
2. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
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5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposed to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend the Eleventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors ("ROD") as at 11 May 2026. Only depositor whose name appears on the ROD therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his/her stead.

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**AFFIX  
STAMP**

**EVERSAFE RUBBER BERHAD**

(Registration No. 201501008542 (1133877-V))

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

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[www.eversafe.com.my](http://www.eversafe.com.my)

**EVERSAFE RUBBER BERHAD**

[201501008542 (1133877-V)]

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