PARAGON UNION BERHAD

Registration No. 199401000779 (286457-V)



Threads of Sustainability

Annual Report **2026**

PARAGON UNION BERHAD

32nd ANNUAL GENERAL MEETING

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PROXY FORM

Meeting Venue

Dewan Perdana Ballroom
Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara 60000 Kuala Lumpur

Date and Time

Friday, 27 November 2026

10:00 a.m.

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NOTICE OF THIRTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second ("32nd") Annual General Meeting ("AGM") of Paragon Union Berhad ("Paragon" or "the Company") will be held at Dewan Perdana Ballroom at the Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara 60000 Kuala Lumpur on Friday, 27 November 2026 at 10:00 a.m. or any adjournment thereof for the transaction of the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1	To receive the Audited Financial Statements for the financial year ended 30 June 2026 together with the Reports of the Directors and Auditors thereon.	***(Please refer to Explanatory Note 1)***
2	To approve the payment of Directors' fees and other benefits payable up to RM250,000.00 for the financial year ending 30 June 2027.	***Ordinary Resolution 1 (Please refer to Explanatory Note 2)***
3	To re-elect Madam Koh Huey Min, who retires by rotation in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered herself for re-election.	***Ordinary Resolution 2 (Please refer to Explanatory Note 3)***
4	To re-elect Madam Teo Siang Ly, who retires by rotation in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered herself for re-election.	***Ordinary Resolution 3 (Please refer to Explanatory Note 3)***
5	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	***Ordinary Resolution 4 (Please refer to Explanatory Note 4)***

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions:

6	**Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016** "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being or such higher percentage as Bursa Malaysia Securities Berhad may from time to time allow and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad. AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."	***Ordinary Resolution 5 (Please refer to Explanatory Note 5)***

7 **Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate")** ***Ordinary Resolution 6 (Please refer to Explanatory Note 6)***

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 30 October 2026 in relation to the Proposed Shareholders' Mandate which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

a) the conclusion of the next AGM of the Company following the AGM at which such ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution."

8 To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 202208000250)
LIM WEN THENG (MAICSA 7073397 / SSM PC NO. 202308000441)
Company Secretaries

Kuala Lumpur
Dated this 30 October 2026

Notes:

1. For the purpose of determining a member who shall be entitled to attend and vote at the 32nd AGM, the Company shall be requesting the Record of Depositors as at 20 November 2026. Only a depositor whose name appears on the Record of Depositors as at 20 November 2026 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

2. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. The instrument appointing a proxy or 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 share registrar of the Company, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur or alternatively to lodge the Proxy Form electronically via Digerati Portal at https://paragon-agm.digerati.com.my or email the duly executed Proxy Form to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.

7. If the appointer is a corporation, the Proxy Form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES:

1. **Audited Financial Statements for the financial year ended 30 June 2026**

   This Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 (the "Act") provides that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward to the shareholders for voting.

2. **Ordinary Resolution 1: To approve the payment of Directors' fees and other benefits payable**

   Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of a public company or a listed company shall be approved by shareholders at a general meeting. The Directors' benefits payable comprise meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' fees and benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the financial year ending 30 June 2027.

   In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. **Ordinary Resolutions 2 and 3: Re-election of Directors**

   Clause 97.1 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office at each AGM and shall be eligible for re-election. Further, every Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the conclusion of the meeting at which he/she retires.

   The Nomination and Remuneration Committee ("NRC") has reviewed the performance and contributions of the Directors retiring by rotation and seeking re-election. Based on the results of the Board Evaluation conducted for the financial year ended 30 June 2026, the performance of each retiring Director was found to be satisfactory, and they have effectively discharged their duties and responsibilities.

   The Board, on the recommendation of the NRC, supports the re-election of the retiring Directors. The profiles of the retiring Directors are set out in the Directors' Profile section of this Annual Report.

4. **Ordinary Resolution 4: Re-appointment of Auditors**

   The Audit and Risk Management Committee and the Board have considered the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT ("Baker Tilly") as auditors of the Company and collectively agreed that Baker Tilly have met the relevant criteria as prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. **Ordinary Resolution 5: Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   The Ordinary Resolution 5, if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being or such higher percentage as Bursa Malaysia Securities Berhad may from time to time allow for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

   As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 28 November 2025.

6. **Ordinary Resolution 6: Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate")**

   The Ordinary Resolution 6, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

   This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

   For further information on this resolution, please refer to the Circular to Shareholders dated 30 October 2026 in relation to the Proposed Shareholders' Mandate.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

1. **Details of individuals who are standing for election (excluding directors standing for re-election) as Directors.**

   There are no individuals who are standing for election as Directors at this 32nd AGM.

2. **General mandate for issue of securities in accordance with Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.**

   Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note 5 of this Notice.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Koon Hoi Chun
Executive Chairman

Wong Ee-Coln
Managing Director

Tan Vei Teck
Executive Director

Koh Huey Min
Independent Non-Executive Director

Teo Siang Ly
Independent Non-Executive Director

Koon Hon Hoong
Non-Independent Non-Executive Director
(Appointed w.e.f. 1 October 2025)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson
Koh Huey Min

Member
Koon Hon Hoong
(Appointed w.e.f. 1 October 2025)
Teo Siang Ly

NOMINATION AND REMUNERATION COMMITTEE

Chairperson
Teo Siang Ly
(Re-designated w.e.f. 1 October 2025)

Member
Koh Huey Min
Koon Hon Hoong
(Appointed w.e.f. 1 October 2025)

SUSTAINABILITY COMMITTEE

Chairperson
Teo Siang Ly

Member
Wong Ee-Coln
Tan Teck Khong

SHARE SCHEME COMMITTEE

Chairman
Wong Ee-Coln

Member
Tan Vei Teck
Tan Teck Khong

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482)
SSM Practising Certificate No. 202208000250

Lim Wen Theng
(MAICSA 7073397)
SSM Practising Certificate No. 202308000441

REGISTERED OFFICE

B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
: 03- 9770 2200
: 03- 2201 7774
: boardroom@boardroom.com.my

PRINCIPAL PLACE OF BUSINESS

Lot 14 Jalan CJ 1/1,
Kawasan Perindustrian Cheras Jaya,
Batu 11 Cheras, 43200 Cheras,
Selangor Darul Ehsan
: 03- 9086 1100
: 03- 9086 1107

PRINCIPAL BANKERS

CIMB Bank Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Ambank (M) Berhad

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur
: 03- 9770 2200
: 03- 2201 7774
: admin@aldpro.com.my

AUDITORS

Baker Tilly Monteiro Heng PLT (AF 0117)
Baker Tilly Tower, Level 10, Tower 1,
Avenue 5 Bangsar South City
59200 Kuala Lumpur
: 03- 2297 1000
: info@bakertilly.my

SOLICITORS

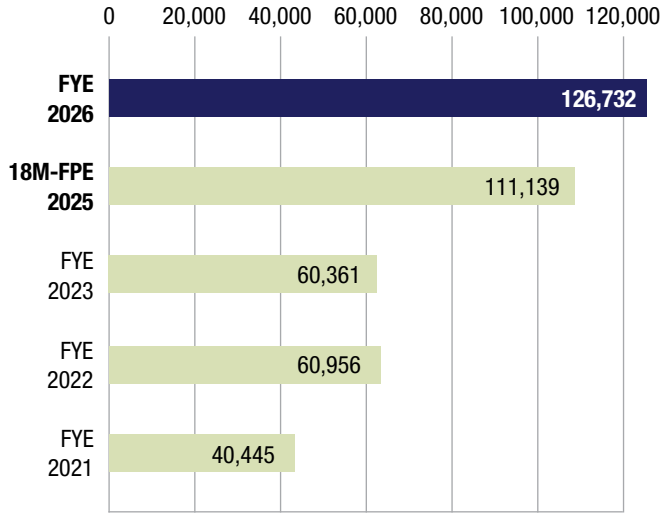
Halim Hong & Quek
Wilson Wong, Phan & Co.
Majid & Chen
Soo Thien Ming & Nashrah

STOCK EXCHANGE LISTING

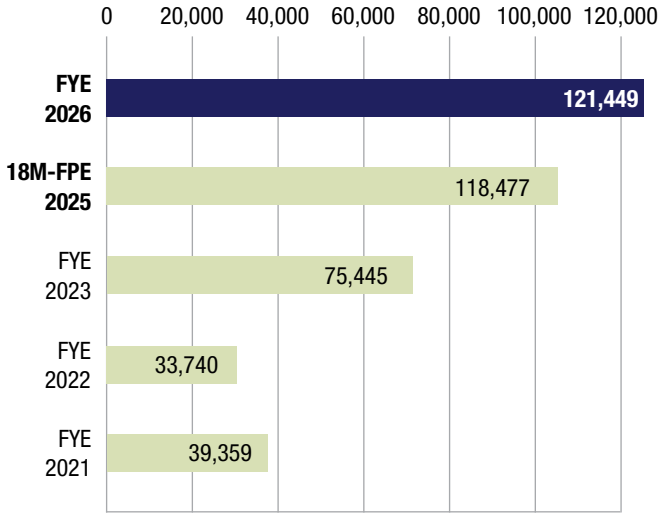
Main Market of Bursa Malaysia Securities Berhad
Stock Name : **PARAGON**
Stock Code : **9407**

FINANCIAL HIGHLIGHTS

Revenue
(RM'000)



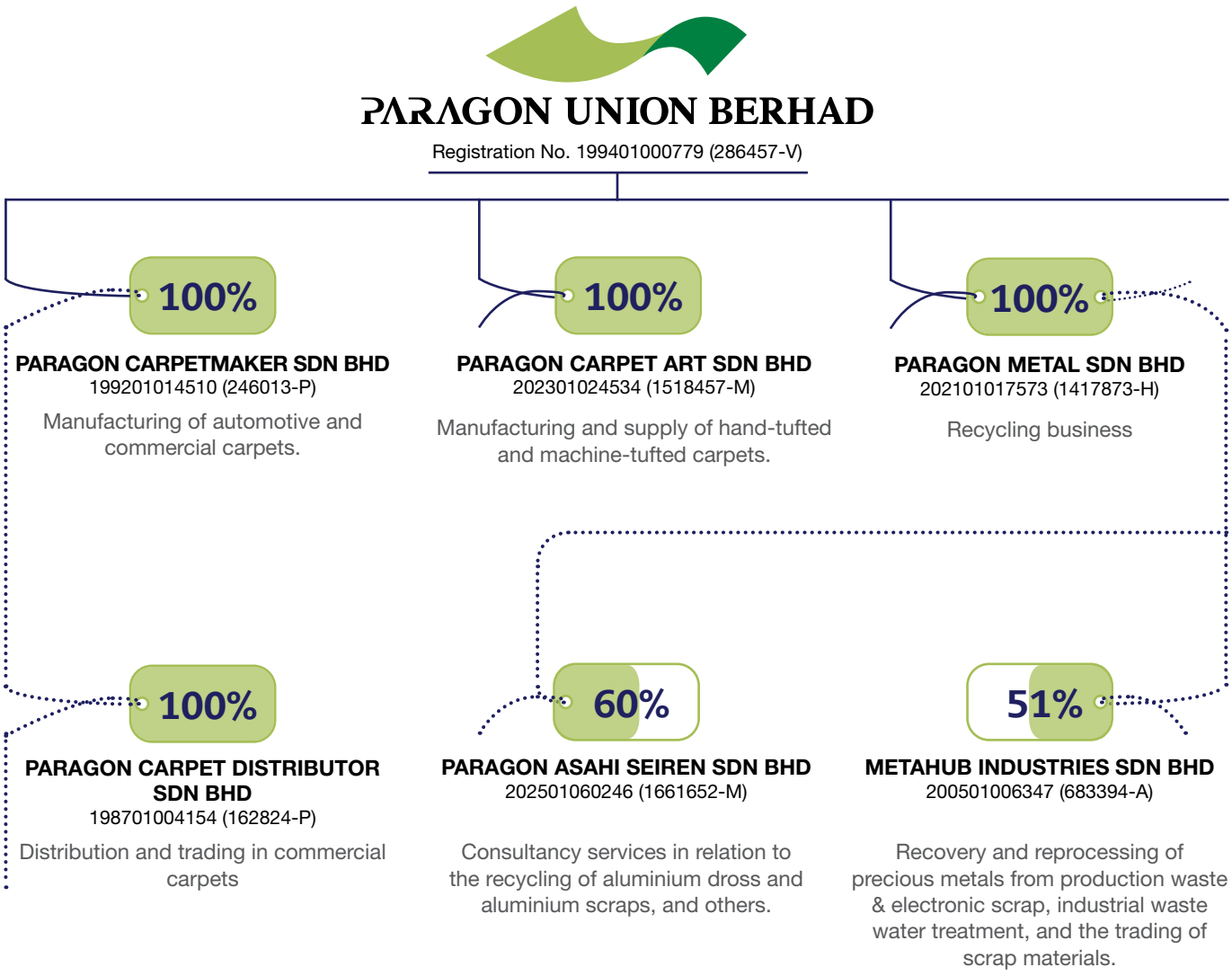
Equity attributable to equity owners of the Company
(RM'000)



		2021	2022 (restated)	2023 (restated)	2025	2026
		RM'000	RM'000	RM'000	RM'000	RM'000
PERFORMANCE INTEREST						
Revenue*		40,445	60,956	60,361	111,139	126,732
Gross profit*		781	6,373	8,982	20,368	33,269
Profit/(loss) before taxation*		(15,589)	(5,642)	9,253	(3,028)	11,470
Profit/(loss) after taxation		(15,401)	(6,732)	9,077	(4,740)	7,555
Net profit/(loss) attributable to the Owners of the Company		(15,401)	(6,729)	9,077	(5,697)	2,279
ASSETS EMPLOYED						
Non-current assets		38,050	33,141	74,379	152,039	139,774
Current assets		29,721	32,966	33,455	46,670	77,331
TOTAL ASSETS		67,771	66,107	107,834	198,709	217,105
FINANCED BY						
Share capital		84,471	84,902	84,902	129,333	129,333
Treasury shares		(678)	-	-	-	-
Reserves		(4,618)	(4,618)	28,010	32,308	33,001
Accumulated losses		(39,816)	(46,544)	(37,467)	(43,164)	(40,885)
Equity attributable to equity owners of the Company		39,359	33,740	75,445	118,477	121,449
Non-controlling interests		10	6	-	26,056	31,471
TOTAL EQUITY		39,369	33,746	75,445	144,533	152,920
Non-current liabilities		11,798	10,935	18,010	26,453	21,499
Current liabilities		16,604	21,426	14,379	27,723	42,686
TOTAL EQUITY AND LIABILITIES		67,771	66,107	107,834	198,709	217,105
SHAREHOLDERS' INTERESTS						
Earnings/(loss) per share	sen	(21.53)	(8.03)	10.83	(6.36)	2.25
Net assets per share	sen	46.96	40.26	90.00	142.94	151.23

* For comparative purposes, the revenue, gross profit and profit before taxation include the results of the discontinued operations.

CORPORATE STRUCTURE



ABOUT US

Paragon Union Berhad ("PUB"), incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad since 1994, began its business operations in the manufacturing and distribution of premium commercial carpets, rugs, automotive carpets and NVH (Noise, Vibration & Harshness).

On 3 September 2026, the Group completed the divestment of the manufacturing of automotive carpets and NVH components. Following this divestment, the Group has fully exited the automotive components manufacturing sector and no longer serves automotive clients in this capacity.

In spite of the changes, the Group has been diversifying its business into the metal recycling through its wholly owned subsidiary, Paragon Metal Sdn Bhd ("PMSB"), since 2023.

On 30 December 2024, PMSB strengthened its portfolio by acquiring a 51% equity interest in Metahub Industries Sdn Bhd, a company with activities involved in the recovery and reprocessing of precious metals from production waste & electronic scrap, reprocessing of industrial wastewater, and the trading of scrap materials.

On 30 December 2025, PMSB further expanded its recycling business by establishing Paragon Asahi Seiren Sdn Bhd, a 60% joint venture entity with Asahi Seiren Co. Ltd., Japan. The entity focuses on consultancy services for the recycling of aluminium dross and aluminium scraps.

DIRECTORS' PROFILE

MR. KOON HOI CHUN

Executive Chairman



Malaysian | 47 | Male

Mr. Koon Hoi Chun ("Mr. Koon") was appointed to the Board of Paragon Union Berhad ("Paragon" or "Company") on 9 March 2021 and was re-designated from Executive Chairman cum Managing Director to Executive Chairman with effect from 14 March 2022.

He is currently the substantial shareholder and Managing Director of Technovate Holdings Sdn Bhd and, through his other companies, is involved in the management of industrial waste, including the recycling and processing of industrial waste and metal scraps into ingots, as well as the sales and marketing of the processed and related products.

He joined Press Metal UK Ltd in 2001 as a Sales and Marketing Executive, where he was in charge of the sales of aluminium scaffolding and ladders throughout the United Kingdom. In 2015, he set up KYH Trading Sdn Bhd, a company focusing on collecting, sorting and cleaning of industrial waste and metal scraps, namely aluminium and copper, and exporting to international markets. On 1 January 2020, he ventured into the processing of industrial waste and metal scraps into ingots, through Technovate Holdings Sdn Bhd.

Mr. Koon is the major shareholder of the Company. His interest in the securities of the Company is disclosed in the Annual Report.

He does not hold any directorship in any public companies and listed companies.

He is the cousin of Mr. Koon Hon Hoong, the Non-Independent Non-Executive Director and major shareholder of the Company. Other than that, he has no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

DIRECTORS' PROFILE



MR. WONG EE-COLN

Managing Director

Malaysian | AGE 47 | Male

- *Chairman of Share Scheme Committee*
- *Member of Sustainability Committee*

Mr. Wong Ee-Coln ("Mr. Wong") was appointed as the Deputy Managing Director of Paragon in August 2021 and was appointed as the Managing Director on 14 March 2022. He is an engineer by profession with over 20 years of working experience in property development, investment, business development and senior management across Malaysia and other international markets such as China and the Philippines. He obtained his Chartered Financial Analyst (CFA) in 2011. Prior to his tenure at Paragon, he served as General Manager at Berjaya Land Bhd from 2013 to 2017, followed by promotion to Executive Director at Berjaya Group Bhd from 2018 to 2021. He was also appointed as the President of Berjaya Philippines Inc. from 2016 to 2021.

His interest in the securities of the Company is disclosed in the Annual Report.

He does not hold any directorship in any public companies and listed companies.

He has no family relationship with any directors and/or major shareholder of Paragon, no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

MR. TAN VEI TECK

Executive Director



- *Member of Share Scheme Committee*

Malaysian | AGE 42 | Male

Mr. Tan Vei Teck ("Mr. Tan") was appointed as Independent Non-Executive Director of Paragon on 30 June 2021 and re-designated as Executive Director on 1 April 2023.

In 2010, he commenced his role as Project Coordinator at Regina Development Sdn Bhd. Following two years of exceptional performance, he was promoted to General Manager within the Regina Group. In this capacity, he spearheaded the development team, overseeing the planning and implementation of various projects. His career progressed further in 2018 when he assumed the position of Chief Executive Officer at Regina Group and Hoong Li Development Sdn Bhd, where he remains to date. He works closely with relevant parties on issues pertaining to the business operations including government officials, consultants, contractors, suppliers, other developers (JV opportunity), bankers and lawyers. In Regina Group, he manages and oversees the management team, operations and asset management for all properties throughout Malaysia including malls, entertainment, plantations and other businesses.

Mr. Tan does not hold any shares in the Company.

He does not hold any directorship in any public companies and listed companies.

He has no family relationship with any directors and/or major shareholder of Paragon, no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

DIRECTORS' PROFILE



MADAM KOH HUEY MIN

Independent Non-Executive Director

Malaysian | AGE 61 | Female

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

Madam Koh Huey Min ("Madam Koh") was appointed to the Board on 1 April 2023 as an Independent Non-Executive Director. She is also appointed as the Chairperson of the Audit and Risk Management Committee and member of Nomination and Remuneration Committee.

She is a Fellow Member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. She has more than 30 years of experience in finance, accounting, tax, treasury fields, marketing, business development, property investment and development and shopping complex operations. She was an Executive Director of Berjaya Assets Berhad ("BAssets") from 23 June 2017 to 31 August 2021. Prior to that, she was attached to PricewaterhouseCoopers and after that, she worked in Hong Leong Group of Companies as an Accountant. She joined Berjaya Times Square ("BTSSB"), a wholly-owned subsidiary of BAssets in March 1994 as the Head of Finance and Administration. She was appointed as an Executive Director of BTSSB from 8 January 2013 to 31 August 2021. She anchored the overall property development and investment division and also managed the overall operations of Berjaya Times Square Group. She also held directorships in various subsidiaries of BAssets.

Currently, she is an Independent Non-Executive Director of Frontken Corporation Berhad and Scientex Berhad.

Madam Koh does not hold any shares in the Company.

She has no family relationship with any directors and/or major shareholder of Paragon, no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

MADAM TEO SIANG LY

Independent Non-Executive Director



- *Chairperson of Sustainability Committee*
- *Chairperson of Nomination and Remuneration Committee*
- *Member of Audit and Risk Management Committee*

Malaysian | AGE 38 | Female

Madam Teo Siang Ly ("Madam Teo") was appointed to the Board as an Independent Non-Executive Director on 30 June 2023, on the same date, she was also appointed as member of the Audit Committee, Risk Management Committee, and Remuneration Committee.

On 28 February 2024, she was appointed as the Chairperson of the Sustainability Committee. Subsequently, on 1 October 2025, she was re-designated as the Chairperson of the Nomination and Remuneration committee.

On 27 February 2026, the Audit Committee and Risk Management Committee were merged into a single Committee, namely the Audit and Risk Management Committee, of which Madam Teo continued to serve as a member.

Madam Teo was called to the Malaysian Bar as an Advocate and Solicitor in 2012 and has since been in active legal practice. She is currently a Partner at RDS Partnership. Prior to joining RDS Partnership, she was a Partner at Christopher & Lee Ong.

She is ranked as a Key Lawyer for Banking & Finance by The Legal 500 Asia Pacific and recognised as a Rising Star Partner by IFLR1000.

She has significant experience in advising financial institutions and corporate borrowers on a broad range of corporate loan financing matters including legal issues in relation to loan documentation, security documents, compliance matters, requirements and procedures, for both local and offshore transactions, bilateral and syndicated financing.

In addition to her extensive background in corporate banking, she provides advice on general corporate and commercial transactions, guiding clients from initial negotiation up to completion of the transaction. Her expertise spans various areas, including joint venture arrangements, share disposals and acquisitions, shareholder agreements, and other commercial contracts.

Madam Teo often advises Chinese banks and Chinese corporate borrowers on cross-border loan financing transactions.

Madam Teo does not hold any shares in the Company.

She does not hold any directorship in any public companies and listed companies.

She has no family relationship with any directors and/or major shareholder of Paragon, no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

DIRECTORS' PROFILE



MR. KOON HON HOONG

Non-Independent Non-Executive Director

Malaysian | AGE 35 | Male

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

Mr. Koon Hon Hoong ("Mr. Koon") was appointed as Non-Independent Non-Executive Director of Paragon on 1 October 2025. He is also appointed as a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

Mr. Koon holds a Diploma in Information and Communication Technology from Asia Pacific University of Technology & Innovation (2014) and has extensive experience in the manufacturing, recycling, and environmental services sectors. He is currently the Group Executive Director of Technovate Holdings Sdn Bhd, where he provides strategic leadership in aluminium smelting and carbon anode operations, and also serves as Executive Director of KYH Recycle Industries Sdn Bhd and Managing Director of Metahub Industries Sdn Bhd. Across these roles, he oversees corporate governance, operational and financial performance, regulatory compliance, and sustainability initiatives, with a strong focus on efficiency, innovation, and long-term growth.

Mr. Koon is the major shareholder of the Company. His interest in securities of the Company is disclosed in the Annual Report.

He does not hold any directorship in any public companies and listed companies.

He is the cousin of Mr Koon Hoi Chun, the Executive Chairman and major shareholder of the Company. Other than that, he has no conflict of interests or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries, no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

SENIOR MANAGEMENT'S PROFILE



DR. TAN TECK KHONG

Senior General Manager, Finance

Member of Share Scheme Committee
Member of Sustainability Committee

Malaysian | AGE 55 | Male

DR. TAN TECK KHONG was appointed as a Senior General Manager of Finance at Paragon Union Berhad in 2022. He has more than 30 years of working experience and has served in private and public listed companies. He is responsible for overseeing the finance and accounts department, as well as the information technology and human resources and administration departments of the Group.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a fellow member of the Chartered Institute of Management Accountants (FCMA), a member of Chartered Global Management Accountants (CGMA) and a member of ASEAN Chartered Professional Accountants (ASEAN CPA). He obtained his Master of Business Administration from the University of Southern Queensland (USQ), Australia and Doctor of Philosophy in Management from Universiti Kuala Lumpur (UniKL). He is a fellow member of the Institute of Corporate Directors Malaysia (ICDM).

He began his career as an audit trainee in an audit firm in 1993. The following year, in 1994, he transitioned to a multinational manufacturer specialising in formaldehyde-based resin, where he served as an accounts executive. In 1996, he joined a local plastic manufacturing company, taking on the role of assistant accountant. His career path led him to an Independent Power Producer in 1997, where he worked as an accounts executive.

Before PUB, he joined Grand Hoover Berhad (now known as PTT Synergy Group Berhad) in 2001, a construction, property development and trading of building materials as a Group Accounts Manager. He was appointed as Executive Director of the group in 2011. In his capacity as director of finance, he assumed responsibility for the administration of finance, accounts, treasury, corporate matters, human resources and admin, as well as the business operation of property development and trading divisions of the group.

He does not hold any directorship in other public companies or public listed companies.

He has no family relationship with any director and/or substantial shareholders of Paragon nor any conflict of interest or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries. He has no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.



UNG YOKE HONG

Director for Metahub Industries Sdn Bhd

Malaysian | AGE 58 | Male

MR UNG YOKE HONG has more than two decades of extensive experience in the scheduled waste management industry. In 2005, he founded Metahub Industries Sdn Bhd, a licensed scheduled waste management company, where he has played a pivotal role in shaping the organisation into a trusted industry leader. Under his leadership, Metahub has grown to provide comprehensive solutions in the collection, treatment, recovery, and recycling of scheduled waste, supporting industries across Malaysia in meeting stringent environmental and regulatory standards.

Throughout his career, he has been actively involved in advancing sustainable waste management practices and driving innovation in resource recovery. His deep technical knowledge, coupled with strong business acumen, has enabled him to forge long-term partnerships with various stakeholders, including multinational corporations, regulatory authorities, and industrial players. He is widely recognized for his vision in promoting a circular economy model that minimises environmental impact while creating value through responsible recycling and recovery initiatives.

With over 20 years of proven track record, he continues to provide strategic direction and guidance to the Metahub, particularly in areas of operational excellence, environmental compliance, and sustainable growth. His leadership reflects a strong commitment to balancing business objectives with environmental stewardship, aligning with global trends towards greener and more responsible industrial practices.

He does not hold any directorship in other public companies or public listed companies.

He has no family relationship with any directors and/or substantial shareholders of Paragon nor any conflict of interest or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries. He has no convictions of any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

SENIOR MANAGEMENT'S PROFILE



MADAM JESSIE TANG WAI CHEN

Senior Sales & Marketing Manager (Commercial Division)

Malaysian | AGE 46 | Female

MADAM JESSIE TANG WAI CHEN started her career at Paragon Union Berhad in 2006 as an Accounts Executive in the Finance Department. She provided support for product costing and conducted data analysis to assess the manufacturing performance within the commercial carpet sector.

With her extensive knowledge of commercial carpets, she was posted to the sales & marketing department and promoted to Business Development Manager in 2014. She possesses vast sales and marketing experience coupled with a proven track record of success, and she was entrusted with overseeing operational aspects within the commercial carpet sector. In 2022, she further advanced in her career, being promoted to Senior Sales and Marketing Manager within the commercial division.

She does not hold any directorship in other public companies or public listed companies.

She has no family relationship with any directors and/or substantial shareholders of Paragon nor any conflict of interest or potential conflict of interest, including any interest in any competing business with Paragon or its subsidiaries. She has no convictions for any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Paragon Union Berhad for the financial year ended 30 June 2026 ("FYE 2026").

This report provides an overview of the Group's strategic developments, operational achievements, and financial performance during the year under review.

FYE 2026 was a transformative year for the Group. We successfully executed key strategic initiatives that strengthened our business portfolio, enhanced operational focus, and improved our financial performance. Notably, we completed the divestment of our automotive carpet business and continued to expand our presence in the recycling sector, positioning the Group on a stronger foundation for sustainable long-term growth.

Despite a challenging operating environment marked by cost pressures, competitive market conditions, and global economic uncertainties, the Group demonstrated resilience and adaptability. Through disciplined execution, operational improvements, and strategic investments, we returned to profitability and strengthened shareholder value.

These achievements would not have been possible without the continued confidence and support of our shareholders, customers, business partners, and employees. On behalf of the Board, I extend our sincere appreciation to all stakeholders for their trust and commitment as we continue our journey towards sustainable growth and long-term value creation.

CORPORATE DEVELOPMENT



1. The Group had, on 10 September 2025, entered into a conditional share sale Agreement ("SSA") with Oceancash Pacific Berhad ("OCPB") to dispose of a 100% equity interest in Paragon Car Carpets & Components Sdn Bhd ("PCCCSB"), with an initial Purchase Consideration of RM13,420,238.56 and subject to final valuation of the Net Tangible Assets ("NTA"). A circular was issued on 17 October 2025 for shareholders' approval, and the said Disposal was approved at the Extraordinary General Meeting held on 28 November 2025.

   The divestment was completed on 3 September 2026, and the Company received the total consideration of RM19,423,290.36 based on the final NTA valuation.

2. During FYE 2026, the Group, through its wholly owned subsidiary, Paragon Metal Sdn. Bhd ("PMSB"), has on 6 January 2026 entered into a Joint Venture Shareholders' Agreement with Asahi Seiren Co. Ltd ("ASCL") to jointly establish a joint venture company to provide comprehensive consulting services and on-site support in the aspects of technical, operational and profit management in relation to the recycling of aluminium dross and aluminium scraps.

   Paragon Asahi Seiren Sdn Bhd ("PASSB") was incorporated on 30 December 2025 as the joint venture entity established to undertake the Joint Venture Operations. The equity participation in PASSB is structured with PMSB holding a 60% majority interest and ASCL holding the remaining 40% interest.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESSES AND OPERATIONS HIGHLIGHT

Overview of Business Activities

For FYE 2026, the Group's core business activities comprised the following segments:

1. **Recycling:**
   i. Manufacturing: The recovery and reprocessing of precious metals from production waste, electronic scrap, and industrial wastewater treatment, alongside the trading of scrap materials.
   ii. Services: Providing consulting services and on-site support in the aspects of technical, operational and profit management in relation to the recycling of aluminium dross and aluminium scraps.

2. **Commercial Carpets:** The manufacturing and distribution of commercial carpets and rugs.

3. **Automotive Carpets and NVH Components:** The manufacturing and trading of automotive carpets and NVH components. This business segment has been treated as a discontinued operation in this financial statement after the divestment by the Group, and this divestment was completed on 3 September 2026.

Operational & Financial Review

o Recycling Division

The Recycling Division has delivered robust profitability, underpinned by the strategic acquisition of a 51% equity interest in Metahub Industries Sdn Bhd. The financial results for FYE 2026 reflect the first full 12-month consolidation of Metahub's performance, which has significantly enhanced the Group's earnings base.

With Metahub's strong growth trajectory and proven operational capabilities, the Group is well-positioned to sustain its momentum. The Recycling Division is expected to deliver an even greater contribution to overall financial performance in the coming year, underpinned by rising demand for advanced metal recovery processes and comprehensive wastewater treatment solutions. By leveraging its ability to scale operations efficiently, the Division is poised to strengthen its role as a key driver of sustainable growth, environmental stewardship, and long-term value creation.

o Commercial Carpets Division

The Commercial Carpet Division remained loss-making in FYE 2026, primarily impacted by rising raw material costs, lower capacity utilisation, operational inefficiencies stemming from ageing machinery, and unfavourable foreign exchange fluctuations during the first and second quarters of the financial reporting year.

To mitigate these challenges, the Group has undertaken strategic measures aimed at optimising its overall cost structure by strengthening procurement practices and enhancing production efficiencies. Initiatives include multiple sourcing strategies, improving production planning and targeted maintenance programs to address ageing equipment.

In line with these efforts, the division is in the pipeline to acquire a new Axminster Weaving Machine, which is expected to significantly improve production efficiency and support long-term competitiveness. This investment underscores the Group's commitment to modernising its manufacturing capabilities and positioning the division for long-term growth and profitability.

Looking ahead, management remains focused on driving operational excellence, machinery upgrades, and pursuing efficiency gains to restore profitability. The division's turnaround strategy is expected to deliver measurable improvements in productivity and margin resilience, reinforcing the Group's broader objective of sustainable growth and shareholder value creation.

o Automotive Carpets and NVH Components Division

The Automotive Division demonstrated a marginal improvement in FYE 2026, despite continued losses. This progress was underpinned by cost-rationalisation initiatives, targeted production upgrades, and capital investments in modern machinery, which collectively enhanced operational efficiency and reduced overheads.

While these measures delivered incremental improvements, the division continued to face structural challenges, including limited scalability, competitive pressures, and cyclical demand patterns in the segment. Recognising these constraints, the Group decided to divest the business unit as part of its broader strategy to streamline operations and to focus on its core business.

The official announcement regarding the disposal of the automotive business to OCPB was made on 10 September 2025. The divestment was completed on 3 September 2026. This divestment represents a decisive step in eliminating uncertainty that has weighed on the Group's financial performance.

By exiting the automotive segment, the Group is able to reallocate resources toward higher-growth businesses, strengthen its balance sheet, and reinforce long-term competitiveness.

FINANCIAL HIGHLIGHTS

The table below sets out the Group's revenue alongside its Profit Before Tax ("PBT") and Profit After Tax ("PAT") over the past three (3) financial periods.

	FYE 2023 (Restated) RM'000	18M-FPE 2025 RM'000	FYE 2026 RM'000
Revenue*	60,361	111,139	**126,732**
Profit/(loss) before taxation ("PBT")*	9,253	(3,028)	**11,470**
Profit/(loss) after taxation ("PAT")	9,077	(4,740)	**7,555**
Net profit/(loss) attributable to the Owners of the Company	9,077	(5,697)	**2,279**
Net assets per share (sen) attributable to the Owners of the Company	90.00	117.17	**120.11**

* For comparative purposes, the revenue and profit before taxation include the results of the discontinued operations.

The Group recorded revenue of RM126.73 million for the FYE 2026, compared with RM111.14 million for the 18-month financial period ended 30 June 2025 ("FPE 2025"). The increase in revenue was primarily attributable to the recognition of a full twelve (12) months of revenue contribution from Metahub Industries Sdn Bhd, as compared to only six (6) months of consolidated revenue recognised in the preceding financial period. This reflects the continued expansion of the Group's operating base and revenue-generating capacity following the consolidation of the subsidiary.

The Group reported a profit before taxation of RM11.47 million in FYE 2026, marking a significant turnaround from the loss before taxation of RM3.03 million recorded in FPE 2025. Consequently, the Group achieved a profit after taxation of RM7.55 million, compared with a loss after taxation of RM4.74 million in the preceding period. The improvement in profitability was mainly driven by higher revenue contribution, improved operating performance, and better absorption of operating costs arising from a larger revenue base.

The profit attributable to the owners of the Company amounted to RM2.28 million in FYE 2026, compared with a net loss attributable to the owners of the Company of RM5.70 million in FPE 2025. This positive contribution demonstrates the Group's ability to restore profitability and strengthen earnings attributable to shareholders following the challenges experienced in the previous financial period.

As at FYE 2026, the Group's total assets stood at RM217.11 million compared with RM198.71 million as at FPE 2025. The increase in total assets reflects the Group's continued investment in the operations and the growth of the Group's business activities. The shareholders' funds attributable to the owners of the Company increased to RM121.45 million from RM118.48 million in the preceding financial period, mainly arising from the profit generated during the financial year.



Correspondingly, the Group's net assets per share improved from 117.17 sen as at FPE 2025 to 120.11 sen as at FYE 2026. The increase in net assets per share indicates the Group's enhanced shareholder value and stronger financial position, underpinned by the return to profitability and growth in equity attributable to the owners of the Company.

Overall, the Group delivered a strong recovery in FYE 2026, supported by higher revenue contributions from its recycling operations, improved cost management, and stronger operational performance across its businesses. The return to profitability, coupled with a strengthened balance sheet and enhanced net asset value, demonstrates the effectiveness of the Group's strategy and provides a solid platform for future growth. The Board remains committed to building a more resilient and sustainable business while creating long-term value for shareholders.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

SUSTAINABILITY

We have been practising as a socially responsible public-listed company and are committed to the highest standards of ethics, transparency, and compliance within the framework as discussed in the sustainability statement. The good practices have been embedded in our sustainability practices across our operations, from production compliance and safety to advancing gender diversity, minimising environmental impact, and supporting local communities. These efforts have reinforced stakeholder trust, ensured a safer workplace with zero lost-time incidents, and positioned us to deliver sustainable, long-term value for all stakeholders.

PROSPECT AND OUTLOOK

We have entered into the new financial year optimistically and will explore more growth and opportunities for the Group's business.

1. Recycling Division

As Malaysia accelerates its transition towards net-zero greenhouse gas emissions by 2050 under the enhanced National Policy on Climate Change 2.0, environmental solutions and resource recovery have evolved beyond corporate responsibility into a strategic economic imperative. Following the completion of the Twelfth Malaysia Plan (12MP), which saw the national recycling rate reach 37.9%, policy focus has increasingly shifted towards advanced resource recovery, industrial source separation, wastewater treatment, and the development of high-technology recycling infrastructure. These structural changes are driving rising demand for sustainable waste management solutions and circular economy services across industrial sectors.

Anticipating these long-term growth drivers, the Group strategically diversified into the recycling business in 2023. The Group subsequently strengthened its presence across the resource recovery value chain through the acquisition of a 51% stake in Metahub, establishing a firm foothold in the high-value upstream recycling activities. Today, our growing portfolio encompasses the recovery and trading of recyclable materials, including aluminium and copper, alongside integrated environmental services that support responsible industrial waste treatment.



This business segment has rapidly emerged as a significant contributor to the Group's earnings, delivering robust financial performance as reflected in its second year of financial consolidation. The strong momentum underscores the effectiveness of our strategy to expand into higher-value resource recovery activities while capitalising on increasing demand for sustainable industrial solutions.

Looking ahead, as the corporate entity in Malaysia is adapting to stricter waste disposal targets and ESG commitments, the Group is well-positioned to benefit from these expanding market opportunities. Through our integrated capabilities spanning aluminium and copper recycling, metal-related resource recovery, recycled product trading, and wastewater treatment solutions, we are well-equipped to support customers in their sustainability journey while advancing the circular economy. Leveraging these strengths, we remain confident in our ability to expand market share, enhance long-term competitiveness, and deliver sustainable growth and value creation for our stakeholders.



2. Commercial Carpets Division

The Commercial Carpet Division is strategically positioned to capitalise on Malaysia's resilient economic growth trajectory. Malaysia's economy expanded by 6.0% in the second quarter of 2026, compared with 5.4% in the first quarter, bringing first-half GDP growth to 5.7%. Growth was supported by sustained domestic demand, strong investment activity, and further reinforced by accelerating growth in the construction industry.

Looking ahead, both the Ministry of Finance and Bank Negara Malaysia project economic growth of between 4.0% and 5.0% for 2026. This outlook is underpinned by resilient consumer spending, continued public and private sector investment, and the implementation of key national development initiatives. The sustained momentum in the construction sector, coupled with ongoing property development projects across the commercial, residential, and mixed-use segments, is expected to generate opportunities for interior finishing and fit-out works, including carpet installation.

In addition, the continued expansion and refurbishment of hotels, convention centres, corporate offices, and retail establishments are expected to support demand for premium commercial flooring solutions. The Division also anticipates opportunities arising from mosque construction and upgrading programmes undertaken by both government agencies and religious institutions, where carpet replacement and enhancement works form an integral part of the refurbishment projects. These favourable market conditions are expected to strengthen demand for the Division's products and services, supporting sustainable growth and reinforcing its position within the commercial flooring market.

3. Automotive Carpets and NVH Components Division

As part of the Group's ongoing efforts to streamline its business portfolio and enhance strategic focus, the Group has divested its automotive division, Paragon Car Carpets & Components Sdn Bhd (PCCCSB), to Oceancash Pacific Berhad, that was announced on 10 September 2025. Details of the proposed transaction were subsequently set out in a Circular distributed to shareholders on 17 October 2025, which also sought approval at an Extraordinary General Meeting (EGM). Following the fulfilment of all requisite conditions and approvals, the divestment was successfully completed on 3 September 2026.

In light of the completion of the strategic divestment, the Group's automotive operations have ceased to form part of its business activities. Accordingly, the Company does not consider it meaningful to provide a near-term prospects statement that incorporates the divested business and therefore will not be issuing a near-term prospects outlook at this juncture.

DIVIDEND

The Company does not adopt a formal dividend policy. The declaration and payment of dividends will depend on various factors, including the Company's financial position, liquidity, operating results, capital requirements, future business prospects, and overall performance. No dividend was proposed or declared for the FYE 2026. The Company will continue to review its dividend position from time to time and may consider dividend payments in the future when its financial performance, cash flow position and funding requirements permit.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to our management team and employees for their dedication, professionalism, and unwavering commitment throughout the year. Their hard work and resilience have been instrumental in driving the Group's progress and achieving our strategic objectives.

I would also like to extend our gratitude to our shareholders for their continued confidence and support, as well as to our customers, suppliers, financiers, business partners, and regulatory authorities for their trust and collaboration.

As we look ahead, we remain committed to strengthening our businesses, pursuing sustainable growth opportunities, and delivering long-term value to all stakeholders.

Thank you for your continued support and partnership.

Koon Hoi Chun
Executive Chairman

CORPORATE SUSTAINABILITY STATEMENT FYE 2026



WEAVING A MATERIAL DIFFERENCE

Paragon Union Berhad and its subsidiaries ("Paragon" or the "Group") is pleased to present our Sustainability Statement for FYE2026 ("this Statement"). As the carpet industry continues to evolve, we remain committed to integrating sustainability into our business operations and advancing responsible manufacturing practices.

In FYE2026, we introduced the assessment of sustainability-related risks and opportunities to better understand the factors that may affect our business, value chain and long-term resilience. We continued to prioritise waste reduction and resource recovery across our manufacturing and recycling activities.

Metahub Industries' waste recovery operations and the establishment of Paragon Asahi Seiren Sdn Bhd, a joint venture focused on aluminium recycling, demonstrate how sustainability considerations are increasingly informing our operational priorities and business decisions. This Statement reflects our continued efforts to embed sustainability into our operations, decision-making and approach to creating long-term value.

Advancing Circular Economy Through Strategic Aluminium Recycling Partnership

Paragon Metal entered into a strategic joint venture with Asahi Seiren Co., Ltd., Japan's largest secondary aluminium producer, to establish Paragon Asahi Seiren Sdn Bhd. The partnership aligns with the Group's long-term growth strategy, expanding its involvement in aluminium dross and scrap recycling amid rising global demand for recycled aluminium and growing emphasis on sustainable supply chains and responsible sourcing.

The joint venture focuses on providing technical, operational and profit management consultancy services for aluminium dross and scrap recycling, alongside research and development initiatives. Through this collaboration, Paragon aims to advance resource recovery, improve material circularity and contribute to a more resource-efficient manufacturing sector.

BASIS OF PREPARATION

Reporting Frameworks, Standards and Guidelines

This Statement has been prepared in accordance with the applicable Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and with reference to the following standards and frameworks:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the International Sustainability Standards Board ("ISSB").
- Sustainability Accounting Standards Board ("SASB") Standards for Building Products & Furnishings, where relevant to the Group's business activities.
- Global Reporting Initiative ("GRI") Universal Standards 2021.
- GHG Protocol Corporate Accounting and Reporting Standard (2004), for GHG emissions reporting.

In line with the National Sustainability Reporting Framework's ("NSRF") climate-first approach, we apply IFRS S2 to climate-related risks and opportunities and utilise the applicable transition relief from disclosing all relevant Scope 3 GHG emission categories. We continue to disclose previously reported Scope 3 categories, including those required under Bursa Malaysia's Listing Requirements.

CORPORATE SUSTAINABILITY STATEMENT

BASIS OF PREPARATION (CONT'D)

Reporting Period and Time Horizon

This Sustainability Statement covers Paragon's sustainability performance for FYE2026, from 1 July 2025 to 30 June 2026. Comparative data are provided where available, including up to three preceding financial years for relevant sustainability metrics. Where reporting periods differ from the standard 12-month financial year, data are normalised, where applicable, to improve comparability.

Time horizons for sustainability- and climate-related risks and opportunities are defined based on their expected effects on our financial performance and operations. The following time horizons apply as at the reporting date:

- Short-term : Up to 2030
- Medium-term : 2030 to 2050
- Long-term : Beyond 2050

Reporting Scope and Boundary

The reporting boundary covers entities under the Group's operational and management control. Unless otherwise stated the following are the reporting entities and subsidiaries under the Group's control.

Investment Holding Company	
Paragon Union Berhad	Headquarters
Subsidiaries	
Paragon Metal Sdn Bhd	Investment and recycling business
Paragon Carpet Art Sdn Bhd	Manufacturing of hand tufted carpets
Paragon Carpetmaker Sdn Bhd	Manufacturing and trading in car carpets and commercial carpets
Metahub Industries Sdn Bhd	Recovery and reprocessing of precious metals from production waste & electronic scrap, reprocessing of industrial wastewater, and the trading of scrap materials.
Paragon Carpet Distributor Sdn Bhd	Distribution and trading in commercial carpets
Paragon Asahi Seiren Sdn Bhd	Technical and operational consultancy services related to aluminium dross and scrap recycling, including factory operations support and research and development initiatives

The Group the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the GHG Protocol Corporate Standard) to measure our greenhouse gas ("GHG") emissions, subject to applicable requirements under IFRS S2. For Scope 3 emissions, we refer to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) to identify and assess relevant emission categories across our value chain.

a. Organisational Boundary

We apply the operational control approach to define the organisational boundary for GHG reporting, accounting for emissions from operations over which we have operational control, in accordance with the GHG Protocol.

b. Operational Boundary

We classify GHG emissions in accordance with the GHG Protocol:

- Scope 1 emissions: Direct GHG emissions from sources owned or controlled by the Group, including fuel combustion in equipment and vehicles.
- Scope 2 emissions: Indirect GHG emissions from the generation of purchased electricity consumed by the Group.
- Scope 3 emissions: Other indirect GHG emissions arising from the Group's upstream and downstream value chain activities.

BASIS OF PREPARATION (CONT'D)

Ensuring Data Accuracy

The data presented in this Statement is sourced internally and reviewed by the relevant business divisions and data owners to support its completeness, accuracy and reliability. While the data has not been subject to external assurance, we are committed to strengthening our data management processes and progressively enhancing our assurance practices to improve the credibility and reliability of our sustainability disclosures.

Your Feedback, Our Progress

We value stakeholder feedback as part of our ongoing commitment to improving our reporting practices. Should you have any questions, feedback or suggestions, please contact us using the details provided below:

Paragon Union Berhad
Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, Batu 11,
Cheras, 43200 Selangor Darul Ehsan, Malaysia.
Tel : +603 - 9086 1100
Email : enquiry@paragon.com.my

Memberships and Associations

As part of our commitment to sustainable business practices, we engage with and are members of industry-specific associations. These memberships support knowledge sharing, regulatory awareness and alignment with evolving industry standards and conventions.

Malaysian Interior Industry Partners Association (MIIP)	**Malaysia Institute of Interior Designers (MIID)**	**Perodua Suppliers Association (P2SA)**
Provides industry insights into interior materials, product quality and sustainable design practices.	Encourages sustainable material selection and responsible interior design.	Facilitates engagement on automotive industry developments and supplier expectations.
Malaysian Automotive Component Parts Manufacturers (MACPMA)	**Federation of Malaysian Manufacturers (FMM)**	**Persatuan Pembekal Proton Malaysia**
Promotes knowledge-sharing on automotive component manufacturing and supply chain developments.	Provides updates on manufacturing developments, regulatory requirements and environmental management measures.	Strengthens engagement with Proton's supplier network on industry expectations and responsible business practices.

CORPORATE SUSTAINABILITY STATEMENT

OUR YEAR IN SUSTAINABILITY

Our sustainability performance reflects our ongoing efforts to integrate sustainability into our business operations and value chain. In FYE2026, we focused on responsible sourcing, resource recovery, ethical governance, employee development and community investment. The following highlights present selected sustainability initiatives and performance outcomes for the reporting period.

DRIVING SUSTAINABLE ECONOMIC GROWTH

52%
of total procurement spend was allocated to local suppliers

CONSERVING ENVIRONMENTAL RESOURCES

Scope 1, 2 and selected Scope 3 emissions
totalled 5,560.11 tCO_2e

79%
of waste materials received by Metahub Industries recycled or treated in FYE 2026, from 11,428.91 tonnes received

UPHOLDING ETHICAL GOVERNANCE AND INTEGRITY

33.3%
women's representation on the Board

Zero
confirmed corruption incidents

Zero
substantiated complaints concerning customer privacy breaches or loss of customer data

EMPOWERING COMMUNITIES AND FOSTERING INCLUSION

RM 1,000.00
invested in CSR programmes

1,040
hours of employee training provided

Zero
reported incidents of discrimination, harassment, child labour or forced labour

SUSTAINABILITY AT OUR FOREFRONT

Our Sustainability Strategy

Guided by our corporate vision, mission and goals, we integrate sustainability across our operations through four Sustainability Pillars. These pillars translate our strategic priorities into action by addressing our material sustainability matters and stakeholder priorities, while aligning our efforts with selected UN SDGs to advance responsible business practices and long-term value creation.

Visions & Strategic Thrusts	Sustainability Pillars & Material Matters	Key Stakeholder Groups	UN SDGs
Visions • To be a leading commercial carpets manufacturer • Committed to serve our customer's requirements • To innovate and produce quality carpets • To lead in innovative waste management solutions, transforming waste into valuable resources through advanced technology, while contributing to a sustainable future for the environment and the community	**Driving Sustainable Economic Growth** 1) Product Quality and Quality Assurance 2) Supply Chain Management	Investors and Shareholders	UN SDG 3
		Customers	UN SDG 5
Upholding Ethical Governance and Integrity 1) Corporate Governance and Anti-Corruption 2) Legal and Regulatory Compliance 3) Data Privacy and Security		Government and Regulatory Authorities	UN SDG 8
		Financial Institutions	UN SDG 12
Strategic Thrusts • Commit to delivering high-quality products while optimising supply chain operations for improved efficiency and sustainability • Uphold strong corporate governance practices and ensure adherence to relevant laws and regulations • Implement effective environmental management practices to minimise environmental impact and promote sustainability • Ensure a supportive, safe and inclusive environment that promotes employee well-being and professional growth	**Conserving Environmental Resources** 1) Energy Management and Climate Action 2) Water Consumption 3) Waste Management	Suppliers	UN SDG 13
		Employees	UN SDG 16
	Empowering Communities and Fostering Inclusion 1) Occupational Health and Safety 2) Talent Management and Labour Practice 3) Diversity, Equity and Inclusion 4) Social and Local Community	Local Community	

CORPORATE SUSTAINABILITY STATEMENT

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Our Sustainability Policy

Our sustainability commitments are anchored in our Sustainability Policy, which sets out the guiding principles and approach towards responsible business practices. The policy integrates sustainability considerations across our operations and value chain, supporting responsible and resilient business practices.

Driving Sustainable Economic Growth

- Actively promote and implement sustainable initiatives as well as practices across our value chain;
- Establish standards for supplier ethics and compliance while building lasting-value-driven partnerships;
- Consistently uphold the highest standards in our products and services to achieve customer satisfaction;
- Enhance quality control measures and continuously invest in research and development to foster product innovation and uphold exceptional quality in our products;
- Optimise resource use and promote sustainable consumption along with production practices across our value chain to improve cost efficiency as well as to reduce long-term production expenses.

Upholding Ethical Governance and Integrity

- Conduct business with integrity, ensuring a zero-tolerance approach to corruption, bribery and unethical practices;
- Adhere to established policies and procedures that promote ethical behaviour and instil a culture of accountability across the Group;
- Maintain transparent and proactive communication with stakeholders, ensuring timely and accurate disclosure of information related to our sustainability practices, performance and objectives;
- Ensure full compliance with all applicable laws, regulations and industry standards.

Conserving Environmental Resources

- Identify, assess and manage climate-related risks and opportunities associated across our operations;
- Enhance energy efficiency by adopting sustainable technologies, monitoring energy use and transitioning to lower-emission machinery and equipment;
- Promote waste reduction by implementing efficient waste management practices and encouraging digital documentation;
- Contribute to a circular economy by developing initiatives that support recycling and the reuse of materials;
- Ensure responsible use of water resources by implementing water-efficient processes and exploring innovative conservation initiatives

Empowering Communities and Fostering Inclusions

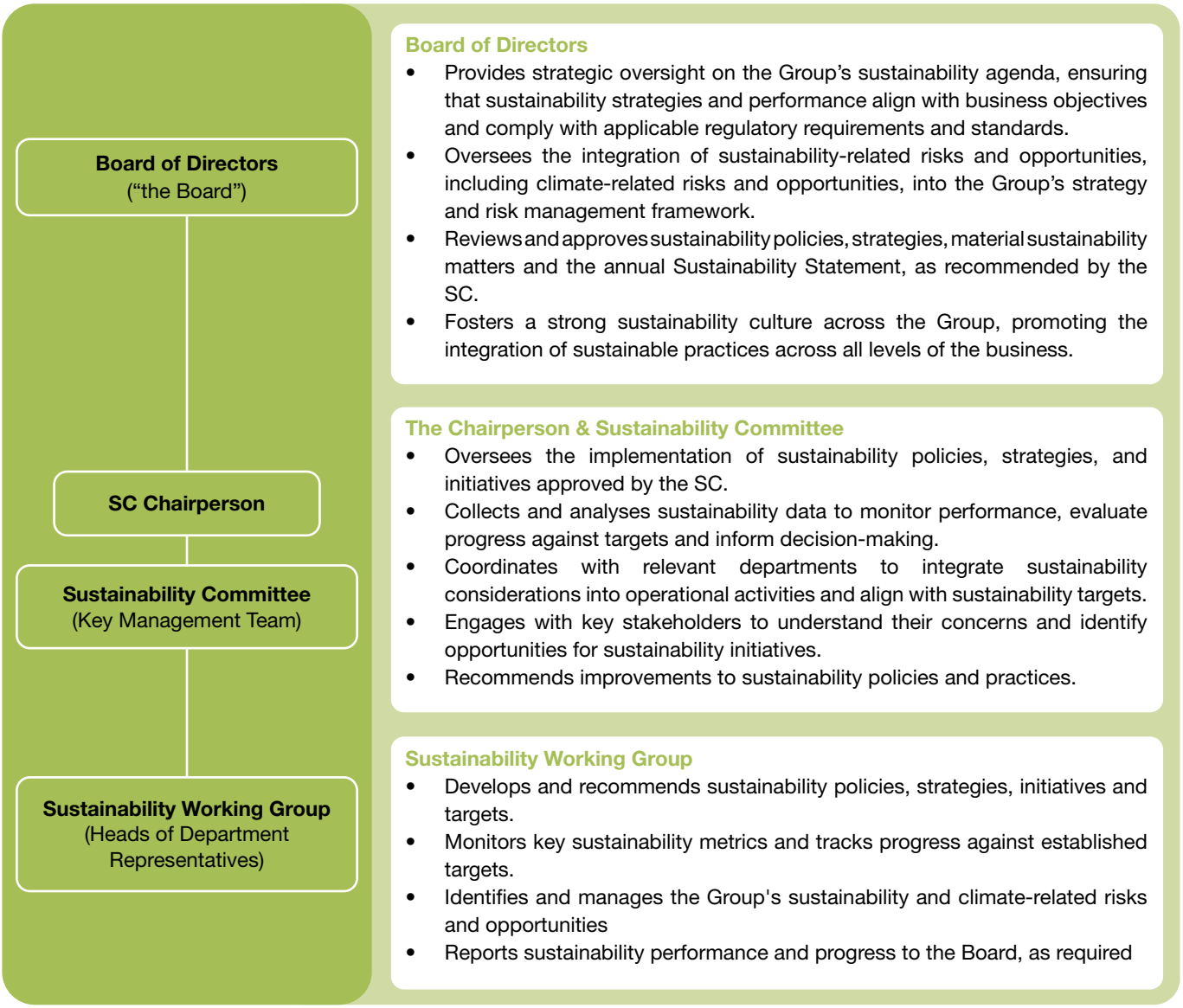
- Ensure responsible and ethical practices including fair labour practices and human rights;
- Comply with relevant occupational health and safety laws and regulations to provide a safe workplace and environment for employees;
- Promote diversity, equity, inclusivity and equal employment opportunities to foster an engaged and empowered workforce;
- Contribute to the well-being of the communities where we operate through social initiatives and partnerships.

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Sustainability Governance

Our sustainability governance structure establishes clear lines of oversight and accountability for the management of sustainability matters across the Group. The Board of Directors provides overall oversight of our sustainability strategy and sustainability- and climate-related risks and opportunities.

The Board is supported by the Sustainability Committee ("SC"), chaired by Madam Teo Siang Ly, an Independent Non-Executive Director. The SC serves as the Group's key management team for sustainability matters and comprises the Managing Director and the Senior General Manager, Finance. The Sustainability Working Group ("SWG"), comprising heads of department and their representatives, supports the SC by coordinating and monitoring the implementation of our sustainability initiatives across the Group.



SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Contributing to Global Goals

The 17 UN SDGs provide a global framework for advancing sustainable development by 2030. In FYE 2026, we reviewed our alignment with the SDGs and selected those most relevant to our business activities, material sustainability matters and stakeholder priorities. Our initiatives and performance reflect our contributions to these goals.



Good Health and Well-being
3.8 Achieve universal health coverage
3.9 Reduce illnesses and death from hazardous chemicals and pollution

Our manufacturing and recycling operations involve workplace hazards that require effective health and safety controls. We conduct workplace inspections and provide targeted occupational health and safety training to promote safe working practices and protect employee well-being.

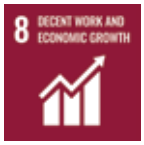
Our Performance:
In FYE2026, 601 participants attended HSE training programmes, with zero workplace fatalities recorded.



Gender Equality
5.5 Ensure full participation in leadership and decision-making

We promote equal employment opportunities through fair, merit-based recruitment, career development and leadership practices.

Our Performance:
Women represent 33.3% of our Board, reflecting our continued consideration of diversity in Board composition.



Decent Work and Economic Growth
8.7 End modern slavery, trafficking and child labour
8.8 Protect labour rights and promote safe working environments

Fair employment practices, employee development and workplace safeguards underpin our approach to promoting decent work across our manufacturing and recycling operations.

Our Performance:
The lost-time injury rate decreased from 0.98 to 0.35, while no substantiated human rights violations were recorded during the reporting period.



Responsible Consumption and Production
12.5 Substantially reduce waste generation
12.7 Promote sustainable public procurement practices

Resource efficiency is supported through waste reduction, material recovery and recycling across our manufacturing and recycling operations. Initiatives include optimising adhesive spraying processes and recovering secondary materials.

Our Performance:
Metahub Industries received 11,428.91 tonnes of waste materials, of which 79% was recycled or treated.



Climate Action
13.2 Integrate climate change measures into policies and planning

Monitoring greenhouse gas emissions and improving energy efficiency are key to managing our climate impacts. These efforts support the identification of emissions hotspots and opportunities to improve operational efficiency.

Our Performance:
Total Scope 1, Scope 2 and selected Scope 3 emissions amounted to 5,560.11 tCO_2e, with Scope 2 accounting for 71% of the total.



Peace, Justice and Strong Institutions
16.5 Substantially reduce corruption and bribery

We promote ethical business conduct through our Anti-Bribery and Corruption Policy, corruption risk assessments, whistleblowing channels and employee training. These measures reinforce accountability, transparency and responsible business practices across our operations.

Our Performance:
No confirmed corruption incidents were recorded during the reporting period.

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Forging Stakeholder Relations

Meaningful stakeholder engagement enables us to understand the needs and expectations of those affected by our business activities and incorporate their feedback into our sustainability priorities. These insights help us identify material sustainability matters, assess risks and opportunities, and strengthen our business practices. The table below summarises our key stakeholder groups, engagement channels and frequency, key concerns, and corresponding responses.

	Government / Regulatory Authorities	Investors and Shareholders
Importance of Engagement	▸ Maintain compliance with applicable laws, regulations and industry requirements ▸ Stay informed of regulatory developments affecting the Group's operations and reporting obligations	▸ Provide capital to support business growth and long-term development ▸ Seek sustainable investment returns, strong financial performance and transparent governance practices
Engagement Method and Frequency	• Statutory and regulatory submissions • Annual Reports, Corporate Governance Reports and Sustainability Statements	• Corporate website • Annual Reports and quarterly financial results • Bursa Malaysia announcements • Annual General Meetings ("AGMS") • Media and public communications
Key Concerns	▸ Compliance with applicable laws, regulations and industry requirements ▸ Timely and transparent regulatory reporting and disclosures	▸ Timely and accurate financial disclosures ▸ Business sustainability, transparency and long-term value creation ▸ Compliance with applicable regulatory requirements
Our Response	▸ Monitored compliance with applicable regulatory requirements ▸ Prepared and submitted required reports and disclosures in accordance with applicable deadlines and requirements	▸ Communicated financial performance, business developments and key performance indicators through quarterly and annual reporting ▸ Disclosed sustainability initiatives and progress through appropriate reporting channels including the Sustainability Statement ▸ Conducted periodic compliance reviews to support ongoing regulatory adherence

	Financial Institutions	Suppliers	Customers
Importance of Engagement	▸ Secure financing to support the Group's operational and financial requirements ▸ Maintain financial stability and facilitate business continuity and long-term growth	▸ Support a reliable supply of quality materials and services to the Group's operations ▸ Contribute towards product quality, operational efficiency and timely delivery to customers	▸ Drive revenue growth through continued product demand and customer confidence ▸ Provide feedback and insights to support product improvements, service enhancement and brand reputation
Engagement Method and Frequency	• Corporate website • Annual Reports and quarterly financial results • Communication through mobile phone and email by company representatives	• Suppliers and vendor engagement sessions • Periodic supplier evaluations • Communication through mobile phone and email by company representatives	• Customer and vendor engagement meetings • Communication through mobile phone and email by company representatives

Legend: ● Ad-hoc ● Annually

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Forging Stakeholder Relations (Cont'd)

	Financial Institutions	Suppliers	Customers
Key Concerns	▸ Financial resilience and prudent financial management ▸ Compliance with loan covenants and financing obligations ▸ Effective risk management and mitigation	▸ Fair and transparent procurement practices ▸ Timely payments and effective supplier communication ▸ Long-term business viability and sustainable supplier relationships	▸ Strong customer relationships and engagement ▸ Timely product delivery and service responsiveness ▸ Product quality, reliability and customer satisfaction ▸ Adoption of more environmentally friendly and sustainable materials ▸ Data protection and information security
Our Response	▸ Maintained financial resilience through prudent financial management, cost optimisation and revenue diversification initiatives ▸ Provided financial disclosures to maintain transparency with financial institutions ▸ Monitored compliance with applicable financing obligations and loan covenants ▸ Applied risk management measures to identify and mitigate potential financial risks and support business continuity	▸ Established procurement guidelines and supplier contracts to promote fair and transparent procurement practices ▸ Communicated payment terms clearly and addressed supplier disputes in a timely and professional manner ▸ Prioritised reliable and high-performing suppliers through long-term partnerships to support supply chain stability and operational continuity	▸ Implemented feedback channels to gather customer insights and address product-related feedback ▸ Strengthened logistics processes to support efficient operations and timely product delivery ▸ Maintained quality management systems, including ISO 9001 and IATF 16949, supported by internal audits and relevant product certifications such as SIRIM, Green Label and Eco Label ▸ Adopted a Green Procurement Policy to support more sustainable sourcing practices Implemented data protection measures to strengthen information security and support regulatory compliance

	Employees	Local Community
Importance of Engagement	▸ Leverage employees' skills, expertise and experience to support business operations and sustainable growth ▸ Drive performance, innovation and long-term business success	▸ Contribute to community development through collaboration and partnerships with local communities ▸ Promote social initiatives, community wellbeing and broader social development efforts
Engagement Method and Frequency	• Face-to-face meetings • Team-building activities • Employee training and development programmes • Annual staff appraisals • Internal communication through emails, mobile phones and notice board memorandums	• Community support through donations and sponsorship initiatives • Participation in local community engagement and communal activities

Legend: ● Ad-hoc ● Annually

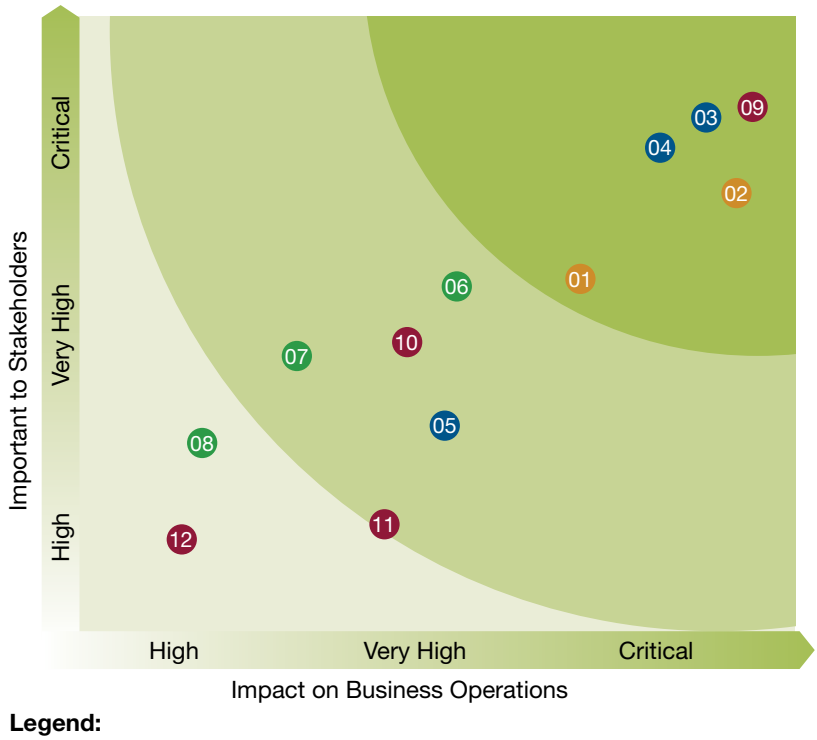
SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Forging Stakeholder Relations (Cont'd)

	Employees	Local Community
Key Concerns	▸ Occupational safety and health ▸ Work-life balance and employee wellbeing ▸ Competitive remuneration and employee benefits ▸ Training, upskilling and career development opportunities ▸ Equal employment opportunities and fair workplace practices	▸ Local community support and community development initiatives ▸ Environmental awareness and responsible environmental practices
Our Response	▸ Implemented workforce safety measures, including regular audits, risk assessments and training programmes ▸ Promoted employee wellbeing initiatives to foster a healthy and more supportive workplace environment ▸ Maintained fair remuneration practices and transparent compensation structures ▸ Provided continuous learning, training and development programmes ▸ Ensured fair hiring practices and equal access to career development and advancement opportunities	▸ Collaborated with local non-governmental organisations ("NGOs") to support community welfare and development programmes ▸ Implemented initiatives to promote responsible environmental awareness and responsible environmental practices ▸ Supported waste reduction, recycling and efficient resource utilisation initiatives

Prioritising What Is Material

Our materiality assessment helps us determine which sustainability matters warrant the greatest attention, based on their significance to our business and stakeholders. In FYE 2026, we reassessed the 13 matters identified in FPE 2025 in light of changes in our business activities, operating environment and stakeholder expectations. The review found that all remained relevant, reaffirming their role in shaping our sustainability priorities and disclosures.



Legend:

- Driving Sustainable Economic Growth
- Conserving Environmental Resources
- Upholding Ethical Governance and Integrity
- Empowering Communities and Fostering Inclusion

No.	Material Matters	Importance Level
09	Occupational Health and Safety	Critical Importance
02	Product Quality and Quality Assurance	
03	Legal and Regulatory Compliance	
04	Corporate Governance and Anti-Corruption	
01	Supply Chain Management	
06	Waste Management	Very High Importance
05	Data Privacy and Security	
10	Talent Management and Labour Practice	
07	Energy Management and Climate Action	
11	Diversity, Equity and Inclusion	
08	Water Consumption	High Importance
12	Social and Local Community	

CORPORATE SUSTAINABILITY STATEMENT

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Sustainability-Related Risks and Opportunities

We assess sustainability-related risks and opportunities arising from our material sustainability matters to inform management decisions and guide appropriate responses. The following tables outline the potential risks associated with each matter and our corresponding management approaches.

Driving Sustainable Economic Growth

UN SDGs: 

Stakeholder Groups: 

Material Matters	Potential Risks	Management Approach
Product Quality and Quality Assurance	• Product defects or quality issues may result in customer dissatisfaction and reputational damage • Non-compliance with applicable product quality or regulatory requirements may expose the Group to legal and financial consequences	• Maintain Quality Management Systems ("QMS") aligned with ISO 9001 and IATF 16949 requirements • Conduct quality audits and implement corrective and preventive actions to address non-conformities
Supply Chain Management	• Supply chain disruptions could affect production continuity and timely customer fulfilment • Supplier non-compliance with sustainability or procurement requirements may expose the Group to operational and reputational risks • Rising material costs and supplier concentration may increase procurement costs and supply chain vulnerability	• Evaluate suppliers against relevant procurement and sustainability criteria • Implement the Green Procurement Policy requirements across procurement activities • Promote local procurement, diversify suppliers and strengthen supplier engagement to enhance supply chain resilience

Upholding Ethical Governance and Integrity

UN SDGs: 

Stakeholder Groups: 

Material Matters	Potential Risks	Management Approach
Legal and Regulatory Compliance	• Non-compliance with applicable laws and regulations may result in legal penalties, financial losses or reputational damage	• Maintain internal controls and conduct periodic compliance reviews • Provide compliance training to strengthen regulatory awareness
Corporate Governance and Anti-Corruption	• Unethical conduct or corruption may undermine business integrity and erode stakeholder confidence	• Enforce governance policies, including the Code of Conduct and Anti-Bribery & Corruption Policy • Maintain whistleblowing channels and anti-corruption training
Data Privacy and Security	• Cybersecurity incidents or data breaches might disrupt operations and compromise sensitive information	• Maintain cybersecurity controls aligned with recognised standards • Monitor cyber threats and strengthen information security measures

SUSTAINABILITY AT OUR FOREFRONT (CONT'D)

Sustainability-Related Risks and Opportunities

Conserving Environmental Resources

UN SDGs: 

Stakeholder Groups: 

Material Matters	Potential Risks	Management Approach
Energy Management and Climate Action	• High energy consumption could increase operating costs and GHG emissions • Evolving climate-related regulations may expose the Group to transition risks	• Improve energy efficiency through conservation, energy-efficient equipment and preventive maintenance • Explore lower-emission energy solutions and monitor GHG emissions
Water Consumption	• Inefficient water use might increase operating costs and exacerbate pressure on water resources	• Monitor water consumption and implement water conservation initiatives • Promote responsible water use through operational controls and employee awareness.
Waste Management	• Ineffective waste management could increase disposal costs and contribute to adverse environmental impacts	• Implement waste reduction, segregation and recycling initiatives. • Promote responsible waste management practices across operations.

Empowering Communities and Fostering Inclusions

UN SDGs: 

Stakeholder Groups: 

Material Matters	Potential Risks	Management Approach
Occupational Health and Safety	• Workplace injuries or occupational illnesses might affect employee wellbeing and disrupt operations	• Conduct workplace inspections, risk assessments and safety training • Investigate incidents and implement corrective actions
Talent Management and Labour Practice	• Challenges in attracting, developing and retaining skilled employees could affect business performance	• Provide employee training and capability development programmes • Promote employee engagement through performance management and development initiatives
Diversity, Equity and Inclusion	• Limited workforce diversity may constraint employee engagement and organisational performance	• Promote fair employment practices and equal opportunities • Foster an inclusive workplace through diversity and inclusion initiatives
Social and Local Community	• Weak community relationships could undermine the Group's reputation and social licence to operate	• Support community initiatives and encourage employee participation • Maintain engagement with local communities and stakeholders

Driving Sustainable Economic Growth

Rising customer expectations and evolving market demands continue to shape the carpet manufacturing industry. We focus on maintaining product quality and strengthening supply chain reliability to support manufacturing consistency, product performance and operational continuity. These priorities are supported by established manufacturing controls, supplier engagement and regular operational reviews to ensure consistent standards and minimise disruptions across our operations.



Strategic Thrust

Deliver high-quality products while maintaining resilient and efficient supply chain operations.

Material Matters

- Product Quality and Quality Assurance
- Supply Chain Management

Key Stakeholder Groups

UN SDGs

PRODUCT QUALITY AND QUALITY ASSURANCE

Maintaining product quality and reliability is essential for safeguarding customer trust, supporting manufacturing consistency and fulfilling regulatory requirements. Across all operations, structured quality management and assurance processes ensure strict alignment with industry standards. Proactive monitoring, audits, and process reviews enable continuous oversight and prompt corrective action.

Quality Assurance

Product quality is managed through a Quality Management System ("QMS") aligned with internationally recognised standards, including ISO 9001 and IATF 16949, to strengthen manufacturing controls and quality oversight. The QMS establishes defined processes for quality control, performance monitoring and corrective actions across manufacturing operations.



Annual management reviews, product and process audits are conducted to assess adherence to documented procedures, applicable standards and product quality requirements. Audit outcomes are used to identify gaps and support corrective actions where necessary. Findings from these assessments drive continuous improvement, enabling targeted corrective and preventive actions. Documented procedures govern internal audits, manufacturing controls, product assessments and the management of non-conforming products and processes. Collectively, these practices support consistent quality management and maintain alignment with applicable regulatory and industry requirements.

Internal Management Audit	• Verification of product controls across selected production and delivery stages. • Assessment of product conformance and adherence to documented production requirements.
Manufacturing Process and Product Audit Procedure	• Independent assessment of management activities and conformity with documented requirements and planned processes. • Evaluation of Management System implementation and its contribution towards achieving quality objectives.
Procedure for the Control of Non-Conforming Products / Processes	• Identification and management of non-conforming products and processes across operational stages. • Controls covering incoming materials, in-process and final inspections, customer returns and materials identified for quality concerns.

Customer Satisfaction

At Paragon, we build long-term customer relationships through the consistent delivery of reliable products, operational efficiency, and responsive service. We embed high-quality standards and proactive service delivery across our operations to reinforce customer trust and maintain strong partnerships. To assess whether our products and services meet customer expectations, we conduct customer satisfaction surveys covering five key areas across more than 20 evaluation criteria.



Product non-conformance and customer complaints are managed in accordance with the Group's Customer Satisfaction Procedure to facilitate timely resolution and corrective actions. Investigations conducted by our Quality Assurance ("QA") team include testing, analysis and root cause identification, with corrective and preventive actions implemented where necessary to address identified issues and minimise recurrence. For urgent cases, investigations are completed within five (5) working days to facilitate prompt issue resolution and minimise operational disruptions.

CORPORATE SUSTAINABILITY STATEMENT

SUPPLY CHAIN MANAGEMENT

Maintaining a reliable supply chain is essential to supporting product quality, procurement efficiency and operational continuity across the Group's manufacturing activities. Procurement activities are supported by supplier engagement and established procurement controls to maintain supply continuity and reinforce expectations relating to sourcing practices and supplier conduct across the Group's business activities. Sustainability considerations and local sourcing practices, where feasible, are also incorporated into procurement processes to support more responsible and consistent sourcing decisions.

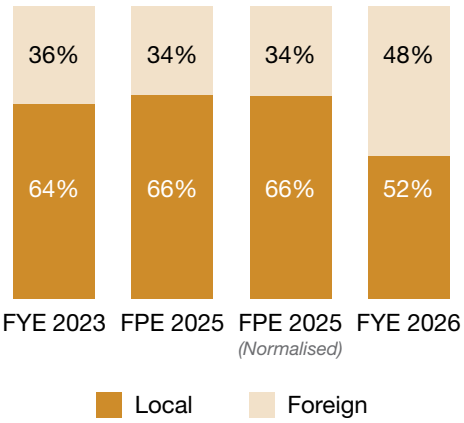
Local Procurement

In FYE2026, 52% of our total procurement spend was allocated to local suppliers, reflecting our commitment to sourcing goods and services locally where possible. Prioritising local procurement may help shorten supply chain distances and enhance responsiveness, strengthening overall operational efficiency and supply reliability across our operations.

Note:

1. *FPE2025 procurement data covers an 18-month period (January 2024 to June 2025), rather than the standard 12-month reporting period, due to changes in the Group's financial year-end.*
2. *To improve comparability, the FPE2025 procurement figures were annualised to a 12-month equivalent by dividing the total procurement spend by 18 months and multiplying the result by 12 months. This adjustment allows for a more meaningful comparison with the current 12-month reporting period.*

Procurement Spend: Local vs. Foreign



Supplier Evaluation

Supplier evaluation remains an important component of maintaining procurement standards and incorporating sustainability and compliance considerations into sourcing decisions. The Group has established a supplier evaluation framework that incorporates relevant sustainability and compliance considerations into procurement processes. Green procurement practices are incorporated into supplier assessments and purchasing decisions to incorporate relevant sustainability considerations into sourcing decisions.

Key Principles of Paragon's Green Procurement Policy

- Preference for products containing recycled materials where cost, specifications, standards and availability are comparable, with consideration for higher recycled content where feasible.
- Selection of products that minimise safety, health and environmental risks throughout their lifecycle.
- Use of energy-efficient, safe, durable and recyclable electrical and water-using equipment.
- Consideration of locally or regionally manufactured products with attention given to packaging reduction and product durability where feasible.
- Integration of end-of-life management considerations for products that are not recyclable or reusable to reduce disposal impacts.

SUPPLY CHAIN MANAGEMENT (CONT'D)

Supplier Evaluation (Cont'd)

Relevant sustainability requirements are incorporated into supplier contracts through the Master Purchase Agreement to establish supplier expectations across the supply chain. These requirements establish clear expectations for suppliers to uphold environmental, health and safety standards as part of responsible and sustainable business practices, including:

- Providing a safe and healthy working environment
- Promoting greenhouse gas ("GHG") emissions reduction, energy efficiency and the adoption of renewable energy
- Ensuring water quality and responsible water consumption practices
- Implementing measures to manage and control air emissions
- Adopting sustainable resource management practices, including waste reduction
- Applying responsible chemical management practices
- Ensuring compliance with Substances of Concern ("SOC") requirements
- Submitting Supplier Product and Process Change Requests ("SPPCR") for changes to material specifications or manufacturing processes

All suppliers, contractors and business partners engaged across our supply chain are expected to uphold our broader sustainability commitments, including the prevention of child and forced labour, respect for freedom of association, workplace diversity and inclusion, anti-bribery practices and the protection of human rights. Alignment with these principles strengthens responsible business conduct across the supply chain and supports ethical, resilient and sustainable operations.

Upholding Ethical Governance and Integrity

Effective governance underpins accountability, oversight, and responsible decision-making throughout Paragon. Our internal controls, policies, and leadership frameworks guide ethical conduct and ensure transparency across all operational units. The Board and its supporting committees oversee strategy, risk, and operational execution while addressing relevant sustainability and climate-related developments. Collectively, these oversight mechanisms reinforce regulatory compliance and safeguard corporate trust.

Strategic Thrust

Maintain effective governance practices and regulatory compliance to support accountable business operations.

Material Matters

- Legal and Regulatory Compliance
- Corporate Governance and Anti-Corruption
- Data Privacy and Security

Key Stakeholder Groups

UN SDGs

LEGAL AND REGULATORY COMPLIANCE

At Paragon, strict legal and regulatory compliance underpins our operational integrity and ethical conduct. We align our business activities with Bursa Malaysia's Main Market Listing Requirements well as all applicable laws, statutory regulations and industry standards. Through active internal controls and compliance oversight, we identify regulatory risks early and ensure consistent adherence across all operations.

- Companies Act 2016
- Personal Data Protection Act 2010
- Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446 – Revised 2021)
- Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018)
- Environment Quality Act 1974 and its Amendments
- Factories and Machinery Act 1967 and its Amendments
- Guidelines for Control of Occupational Noise 2005
- Employment Act 1955 and its Amendments
- Occupational Disease Regulations 2004
- Fire Services Act 1988 (Act 341 – Revised 2018) and its Amendments
- Whistleblowers Protection Act 2010
- Poisons Act 1952 (Act 366) (Revised 2023)
- Service Tax Act 2018
- Water Services Industry Act 2006 and its Amendments

Our policies define a culture of responsibility that extends from leadership to daily operations

In FYE 2026, zero incidents of non-compliance with relevant laws and regulations were recorded. Internal procedures and control frameworks continue to be reviewed to maintain effective compliance management across operations.

To support these efforts, training and capability-building initiatives were undertaken during the year to maintain awareness of regulatory developments and strengthen technical competencies. These initatives included participation in capacity-building programmes at supporting alignment with evolving regulatory requirements and industry practices.

OUR FYE 2026 PERFORMANCE

Zero

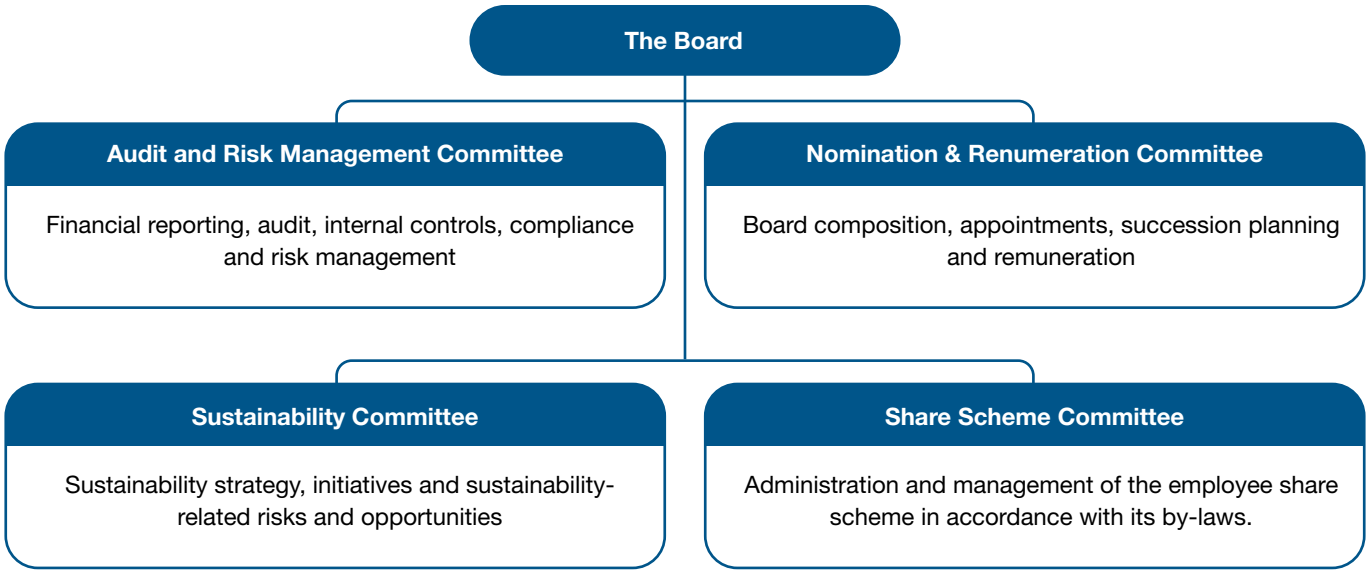
incidents of non-compliance/fines with laws and regulations

CORPORATE SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE AND ANTI-CORRUPTION

Paragon applies the principles of the Malaysian Code on Corporate Governance ("MCCG") to foster integrity, transparency, and accountability throughout our business operations. Established governance structures, internal controls and risk management mechanisms guide ethical conduct while reinforcing a zero-tolerance approach toward bribery and corruption across all commercial relationships. Collectively, these practices drive effective oversight, regulatory compliance and responsible decision-making.

Board oversight is executed through four dedicated Board Committees: The Audit and Risk Management Committee ("ARMC"), Nomination & Remuneration Committee ("NRC"), Sustainability Committee ("SC") and Share Scheme Committee ("SSC"). Each committee operates under defined mandates within our broader governance framework. Management and external specialists are engaged where necessary to assist in executing committee responsibilities. Complete details are set out in the Board Charter and associated Terms of Reference ("TOR"), which remain available on our corporate website.



Supporting these governance structures, corporate policies and Terms of Reference ("TOR") define expectations for accountability, transparency, and ethical conduct. Periodic reviews ensure these frameworks remain aligned with regulatory requirements. Internal policy communication supports compliance awareness and promotes responsible decision-making across all operational areas.

Whistleblowing Policy

Ensures secure and anonymous reporting channels, while safeguarding whistleblowers from any form of reprisal.



Anti-Bribery & Corruption Policy



Reinforces a zero-tolerance approach towards corruption by promoting compliance with MACC regulations and equipping employees to uphold the Group's integrity and ethical business practices.

Director's Fit & Proper Policy

Establishes the criteria for Director appointments and re-elections, with considerations given to merit, diversity, integrity and competence.



Code of Conduct & Ethics



Promotes integrity and accountability, by guiding Directors and employees to uphold the Group's reputation through ethical business practices

Whistleblowing

Accessible whistleblowing channels are maintained for employees and external stakeholders to report misconduct or unethical practices. The Group's Whistleblowing Policy establishes reporting procedures intended to facilitate confidential reporting, escalation and review of concerns raised through designated channels.



Zero

Confirmed whistleblowing cases

Code of Conduct & Ethics

The Group's Code of Conduct and Ethics ("Code") establishes the standards of professional conduct expected of Directors and employees. The Code sets expectations relating to professionalism, honesty and due care in carrying out responsibilities and outlines requirements relating to fiduciary duties, conflicts of interest and the appropriate handling of confidential information.

Anti-Bribery & Corruption Policy

The Group's Anti-Bribery & Corruption Policy ("ABCP") establishes expectations relating to the conduct of Directors, employees and business associates across business activities. The policy sets out requirements and guidance for managing corruption-related risks associated with gifts, entertainment, travel, facilitation payments, donations, sponsorships and political contributions. The Anti-Bribery & Corruption Policy, Code of Conduct & Ethics, Whistleblowing Policy and Director's Fit & Proper Policy are communicated to existing and newly onboarded employees through internal communication channels, including the Employee Handbook, corporate website and anti-bribery training initiatives.

In FYE 2026, anti-corruption training was conducted for Executive Directors, senior management and selected executives holding high-risk functions. To maintain accountability, completion rates were monitored across all target employee categories.

Percentage of Employees Who Received Anti-Corruption Training			
Employee Category	**FYE 2023**	**FPE 2025**	**FYE 2026**
Management	50%	51%	35%
Executive	0%	30%	8%
Non-Executive / Technical Staff	0%	0%	0%
General Worker	0%	52%	0%
Operations Assessed for Corruption Related Risks			
	FYE 2023	**FPE 2025**	**FYE 2026**
Number of confirmed corruption incidents	0	0	0

Board Composition

The Board of Directors provides oversight and strategic direction across business performance, risk management and governance matters. Board deliberations are guided by the Group's values, ethical standards and strategic priorities to support responsible decision-making and long-term business sustainability.

During FYE 2026, the Board comprised six members with experience across finance, accounting, legal matters, general management and business strategy. Capacity-building and Board-level training continued during the year to maintain awareness of evolving regulatory developments and strengthen oversight capabilities.

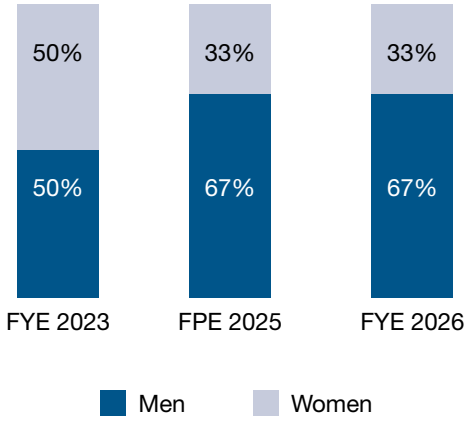
CORPORATE SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE AND ANTI-CORRUPTION (CONT'D)

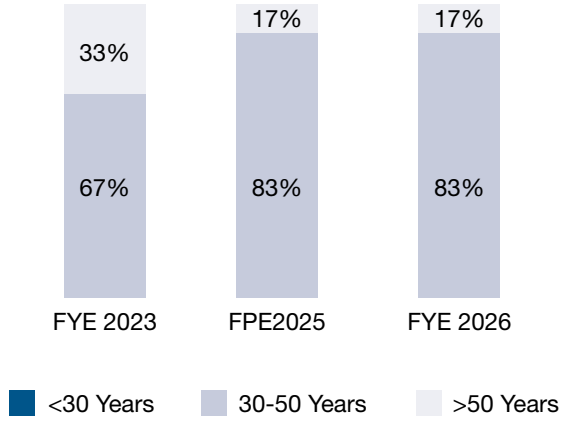
Board Composition (Cont'd)

The Group recognises the value of diverse experience, expertise and perspectives in supporting effective decision-making at Board level. Efforts to enhance Board diversity continue in consideration of the recommendations of the Malaysian Code on Corporate Governance ("MCCG"). The composition of the Board is as follows:

Board Diversity by Gender



Board Diversity by Age



Data Privacy and Security

Protecting the confidentiality, integrity and availability of customer and business information remains important to maintaining business continuity and managing cyber-related risks across the Group's operations. As digital systems continue to support business and manufacturing activities, data privacy and cybersecurity measures remain important components of information security management.

Paragon's cybersecurity framework references internationally recognised standards, including ISO 27001 and NIST 800-53, to guide information security and cyber risk management practices. Incident management and monitoring procedures are maintained to facilitate timely response to evolving cybersecurity threats.

For the past two years, no substantiated complaints concerning breaches of customer privacy or losses of customer data were recorded. In FYE 2026, the Group implemented additional cybersecurity measures, including the adoption of advanced antivirus solutions, as part of ongoing efforts to manage cybersecurity and data protection risks.

OUR FYE 2026 PERFORMANCE



Zero

incidents of non-compliance/ fines with laws and regulations

Conserving Environmental Resources

Environmental management is essential to operational efficiency and responsible resource consumption across our manufacturing activities. As environmental standards evolve, we focus on improving energy performance, managing emissions, optimising water use, and strengthening waste management. Our targeted resource initiatives strengthen operational efficiency and business continuity while reducing our environmental footprint.

Strategic Thrust

Implement responsible environmental management practices to improve resource efficiency and manage environmental impacts.

Material Matters

- Energy Management and Climate Action
- Water Consumption
- Waste Management

Key Stakeholder Groups

UN SDGs

CORPORATE SUSTAINABILITY STATEMENT

Managing Our Climate-related Risks and Opportunities ("CRROs")

Climate change presents risks and opportunities that may affect the Group's business model, value chain and operating environment. As climate-related expectations and regulatory developments continue to evolve, the Group continues to assess and manage climate-related matters through risk management measures and operational responses.

Transition Risks			
Risk	**Description**	**Potential Business Impact**	**Opportunities & Responses**
Policy and Legal	• Evolving local regulatory requirements relating to the adoption of greener products and manufacturing processes • Potential introduction of carbon taxes or carbon pricing mechanisms	• Increased operating costs arising from compliance obligations, third-party assessments and potential carbon pricing mechanisms • Additional expenditure and resource requirements associated with adapting operations to evolving environmental requirements	o Maintain structured monitoring of evolving environmental regulations and carbon-related developments o Periodically review internal policies and compliance requirements to support regulatory readiness o Evaluate operational improvements where relevant to changing regulatory expectations
Technology	• Growing need to transition towards energy-efficient manufacturing equipment, lower-carbon technologies and circular production capabilities to remain competitive in an evolving low-carbon economy	• Higher capital expenditure required for technology upgrades and infrastructure investments • Increased maintenance, implementation and workforce training costs associated with technology adoption • Potential operational disruptions arising during the transition towards newer technologies • Reduced operational efficiency and business competitiveness arising from continued reliance on energy-intensive legacy equipment	o Invest in energy-efficient machinery, automation and process optimisation initiatives to improve operational efficiency and reduce emissions o Explore the adoption of renewable energy solutions across operations o Collaborate with technology providers to identify cost-effective lower-carbon solutions o Strengthen recycling and recovery capabilities to support circular manufacturing initiatives
Market	• Shifting customer preferences towards lower-carbon and more sustainable products, particularly within the automotive and export markets • Growing market demand for recycled materials and circular business models	• Risk of reduced sales and potential loss of market share for traditional product lines that do not meet evolving sustainability expectations and green product criteria • Potential inventory write-downs and reduced utilisation of manufacturing assets arising from changing customer demand and evolving product requirements • Increased investment requirements associated with product adaptation, material transition and market positioning efforts	o Continue R&D initiatives to evaluate lower-carbon and recycled material applications in product development o Pursue certifications for sustainable manufacturing practices (e.g., ISO 14001) and obtain product eco-labels (e.g., MyHIJAU, Green Label) to strengthen market positioning and meet customer expectations. o Explore opportunities to strengthen recycling and material recovery initiatives and support circular product development where commercially feasible

Managing Our Climate-related Risks and Opportunities ("CRROs") (Cont'd)

Transition Risks			
Risk	**Description**	**Potential Business Impact**	**Opportunities & Responses**
Supply Chain	• Raw material shortages and supply chain disruptions arisingdue fromto extreme weather events, geopolitical developmentsisruptions, or supplier decarbonisation challenges	• Delays in production schedules arising from late deliveries of critical raw materials • Increased exposure to material shortages and supply disruptions arising from reliance on concentrated sourcing locations	o Diversify the supplier base geographically to reduce dependency on single high-risk regions o Explore and onboard localised or regional suppliers to shorten logistics routes and reduce transit risks o Establish strategic inventory buffers for critical materials to strengthen operational continuity and supply chain resilience

Physical Risks			
Risk	**Description**	**Potential Business Impact**	**Opportunities & Responses**
Acute	• Increased frequency and severity of extreme weather events such as flash floods, monsoon disruptions and landslides, which may affect manufacturing facilities, warehouses and logistics routes	• Disruption to manufacturing operations and potential temporary shutdowns • Interruptions in logistics networks may result in delayed inbound raw materials and outbound product shipments • Damage to physical assets and increased maintenance or recovery requirements	o Maintain disaster recovery and business continuity plans for climate-related disruptions o Implement site protection measures (e.g., flood mitigation and drainage improvements at key manufacturing facilities) to reduce disruption risks o Enhance supply chain contingency planning, including alternative logistics routes and suppliers
Chronic	• Rising temperatures and long-term climate changes that may affect workforce productivity, operational efficiency and overall manufacturing performance	• Increased health and safety risks for employees arising from prolonged exposure to heat and changing working conditions • Reduced labour productivity due to heat stress and adverse workplace conditions • Higher operational costs associated with cooling, ventilation and workplace adaptation measures	o Implement heat stress management measures, including flexible work arrangements and improved workplace cooling systems o Assess long-term climate considerations within facility planning, operations and supply chain management to support adaptation planning and operational continuity

- Short- to medium-term risks (present to 2030)
- Medium- to long-term risks (2030 to 2050)

CORPORATE SUSTAINABILITY STATEMENT

ENERGY MANAGEMENT AND CLIMATE ACTION

Energy consumption remains a significant environmental consideration for Paragon due to the energy-intensive nature of manufacturing operations and production processes across its carpet, automotive carpet and NVH component businesses. As expectations for more sustainable production practices continue to evolve, improving energy efficiency and managing emissions remain important to reducing environmental impact and supporting operational resilience.

The Group adopts a strategic energy management approach focused on responsible and efficient energy use across operations to address these priorities. Recognising energy consumption as a key contributor to greenhouse gas ("GHG") emissions, efforts are centred around three core initiatives: energy conservation, energy efficiency and energy transition. These initiatives support more efficient operations, reduced emissions intensity and continued progress towards the Group's longer-term climate commitments.



Energy Conservation

Reducing unnecessary energy consumption through operational practices and employee awareness initiatives across the Group

- Optimising energy usage by ensuring lighting and air conditioning systems are switched off when not in use
- Promoting employee awareness of energy-saving practices
- Transitioning towards digital and paperless systems to reduce indirect energy consumption

▶ Supports lower energy consumption and encourages more efficient energy use across operations



Energy Efficiency

Enhancing energy performance through improved equipment and machinery efficiency

- Adoption of energy-efficient equipment and machinery
- Continuous monitoring of machinery performance to optimise energy usage
- Preventive maintenance to minimise energy losses arising from inefficient operations

▶ Reduces overall energy intensity while supporting cost-effective emissions reduction



Energy Transition

Advancing towards cleaner and lower-emission energy solutions

- Reducing reliance on liquefied petroleum gas ("LPG") in forklifts and hydraulic cold press operations
- Exploring alternative energy solutions and cleaner fuel options

▶ Supports reductions in Scope 1 GHG emissions and contributes to the Group's climate-related objectives

Total Energy Consumption

In FYE 2026, our total energy consumption reached 39,226.77 GJ, corresponding to an energy intensity of 0.31 GJ per RM'000 of revenue. Fuel consumption across our manufacturing processes and company-owned vehicles represented 51.04% of total energy use, while electricity consumption accounted for the remaining 48.96%.

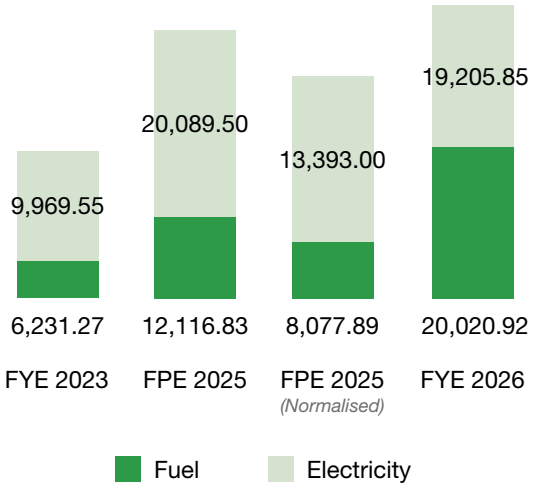
Natural gas was the primary fuel source, contributing approximately 49.71% of total fuel usage, largely utilised in core production processes such as material pre-heating, boiler operations, and latex drying. Liquefied Petroleum Gas ("LPG") represented 35.95%, primarily powering foaming operations and forklift fleets. Electricity sourced from the national grid supported manufacturing lines, warehousing activities, and administrative office operations.

ENERGY MANAGEMENT AND CLIMATE ACTION (CONT'D)

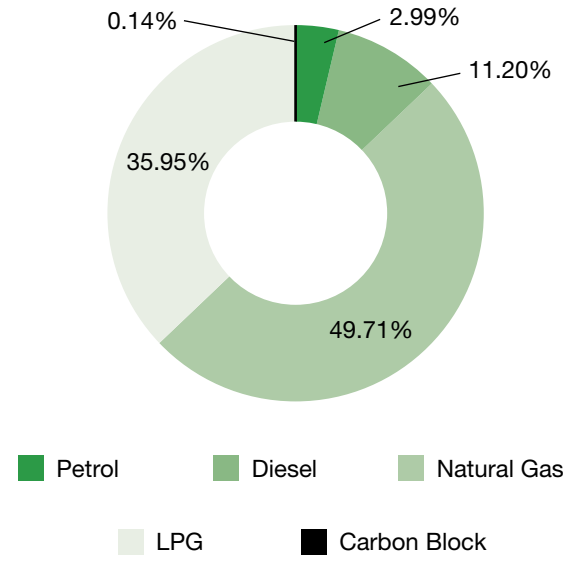
Total Energy Consumption (Cont'd)

Following a change in the Group's financial year-end, the preceding reporting period ("FPE 2025") spanned an 18-month duration. Consequently, corresponding energy metrics were normalised to a 12-month equivalent to ensure meaningful year-on-year comparisons. On a comparable basis, total energy consumption in FYE 2026 recorded a 147.85% increase against the normalised FPE 2025 baseline. This expansion was primarily driven by a broader reporting scope that incorporated a full 12 months of operations from Metahub Industries Sdn Bhd, compared to 6 months in the prior reporting period.

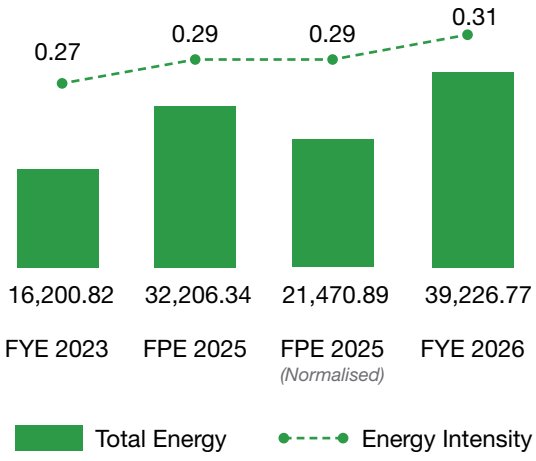
Energy Consumption (GJ)



Energy Consumption Breakdown by Fuel Types (%)



Total Energy Consumption and Energy Intensity



Notes:

1. *FPE 2025 data includes energy consumption for an 18-month period (January 2024 – June 2025) instead of the standard 12- month reporting period due to changes in the Group's financial year-end.*
2. *To ensure comparability, the reported FPE 2025 figures were annualised to a 12-month equivalent by dividing the total energy consumption by 18 months and multiplying it by 12 months. This adjustment allows for a more meaningful comparison with the current 12 month reporting period.*
3. *Energy consumption data for FYE 2023 and FPE 2025 has been restated to enhance accuracy and ensure methodological consistency.*

GHG Emissions

In FYE 2026, the Group continued monitoring GHG emissions across Scope 1, Scope 2 and selected Scope 3 categories, namely Category 6 (Business Travel) and Category 7 (Employee Commuting), as part of our approach to managing climate-related matters and improving emissions visibility across operations.

Total GHG emissions recorded during the financial year reached 5,560.11 tCO2e. Scope 2 emissions constituted the largest share at 71%, followed by Scope 1 emissions at 22.17% and Scope 3 emissions at 6.82%. This distribution reflects the electricity and fuel consumption requirements of our manufacturing facilities, supporting our focus on energy optimisation and operational efficiency initiatives.

ENERGY MANAGEMENT AND CLIMATE ACTION (CONT'D)

GHG Emissions (Cont'd)

Scope 1

Direct Scope 1 GHG emissions arise from the consumption of petrol, diesel, natural gas, LPG, and carbon blocks across our manufacturing facilities and company-owned vehicles. In FYE 2026, Scope 1 emissions reached 1,232.82 tCO_2e, compared with 492.34 tCO_2e recorded during the normalised FPE 2025 baseline. This increase was primarily driven by the full 12-month operational contribution of Metahub Industries Sdn. Bhd., following its acquisition in 2024.

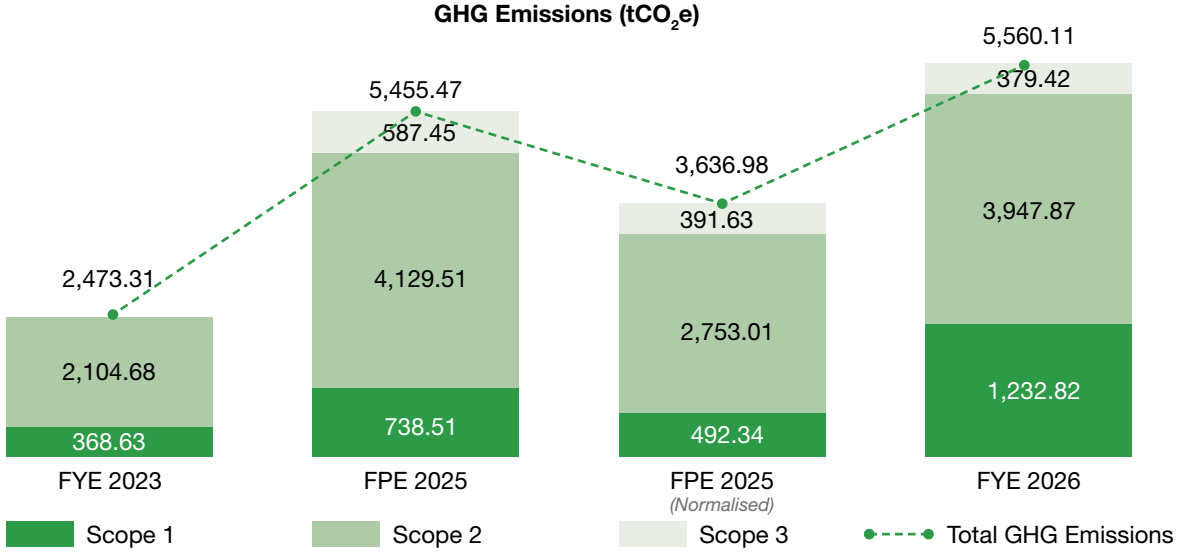
Operational expansion and increased metal waste treatment activities at Metahub led to higher overall fuel consumption, directly contributing to the rise in Scope 1 emissions. Additionally, carbon blocks are utilised as an alternative fuel within copper-smelting processes, though they represented a minor fraction of our total energy mix in FYE 2026. To ensure reporting consistency and comparability between periods, we restated our FPE 2025 Scope 1 emissions to include carbon block combustion.

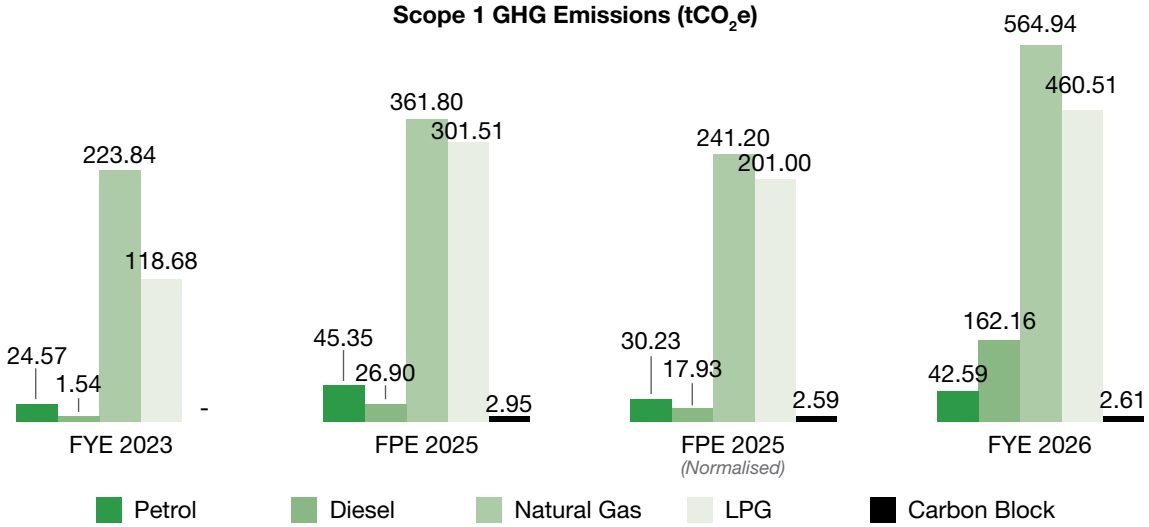
Scope 2

Indirect GHG emissions under Scope 2 are generated from purchased electricity consumed across the Group's operations, including production facilities, warehouses and office premises. In FYE 2026, Scope 2 emissions amounted to 3,947.87 tCO_2e, reflecting a 71% increase compared to the normalised FPE 2025 baseline.

Scope 3

Selected Scope 3 GHG emissions categories are currently tracked as part of the Group's phased approach to expanding value chain emissions reporting and improving emissions visibility. The disclosures encompass Category 6 (Business Travel) and Category 7 (Employee Commuting). In FYE 2026, total Scope 3 emissions amounted to 379.42 tCO_2e, with employee commuting contributing approximately 88.66% of total Scope 3 emissions, while business air and land travel accounted for the remaining 12.34%.

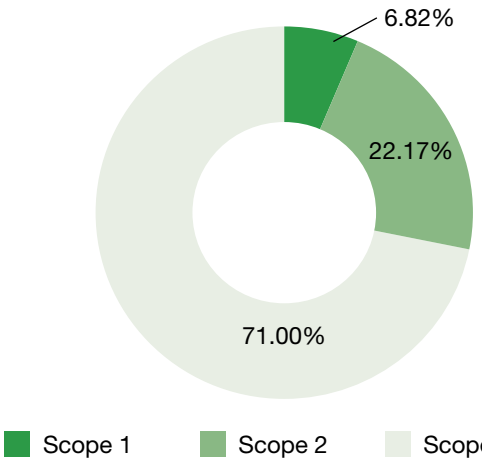




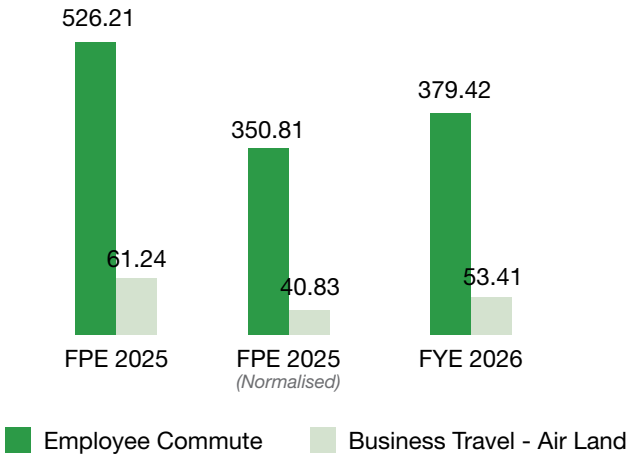
ENERGY MANAGEMENT AND CLIMATE ACTION (CONT'D)

GHG Emissions (Cont'd)

GHG Emissions Breakdown in FYE 2026 (%)



Scope 3 GHG Emissions (tCO_2e)



Notes:
1. FPE 2025 data includes GHG emissions for an 18-month period (January 2024 – June 2025) instead of the standard 12-month reporting period due to changes in the Group's financial year-end.
2. To ensure comparability, the reported FPE 2025 figures were annualised to a 12-month equivalent by dividing the GHG emissions for each scope by 18 months and multiplying the result by 12 months. This adjustment allows for a more accurate comparison with the current 12 month reporting period.

GHG Emissions Measurement Methodology

The Group measures and reports Scope 1, Scope 2, and Scope 3 greenhouse gas ("GHG") emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The reporting boundary encompasses both organisational and operational boundaries, applying the operational control approach as defined under the GHG Protocol. All GHG emissions are reported in tonnes of carbon dioxide equivalent ("tCO_2e").

Where direct emissions measurement systems are not available across the Group's operations, GHG emissions are estimated using indirect methodologies based on activity data and the application of relevant emission factors. This methodology is applied consistently across reporting periods to support comparability and consistency of disclosures.

- Scope 1 GHG emissions represent direct greenhouse gas emissions from sources under our operational control. Primary emission sources include fuel combustion from petrol, diesel, natural gas, LPG and carbon blocks across our fleet, plant machinery and production equipment. In addition, carbon blocks serve as an alternative fuel source within the copper-smelting furnace at Metahub Industries Sdn. Bhd. We apply a fuel-based calculation methodology combining activity consumption data with relevant conversion factors. Emission factors are drawn from the United Kingdom Government GHG Conversion Factors for 2023, 2025 and 2026 across respective reporting periods, applying the industrial coal combustion conversion factor as a proxy for carbon blocks.

  Note: FPE 2025 Scope 1 GHG emissions data has been restated using the 2025 emission factors published in the United Kingdom Government GHG Conversion Factors and to account for emissions arising from carbon block combustion, which were not accounted for in the previously reported figures.

- Scope 2 GHG emissions represent indirect emissions arising from the generation of purchased electricity consumed across the Group's operations. These emissions are reported using the location-based method, which reflects the average emissions intensity of the electricity grids from which electricity is sourced. Emission factors are obtained from the Malaysia Grid Emissions Factor ("GEF") issued by the National Energy Commission for Peninsular Malaysia for the period from 2022 to 2024.

  Note: Scope 2 GHG emissions for FYE 2023 and FPE 2025 have been restated following updates to the emission factors published by the National Energy Commission on 23 February 2026.

ENERGY MANAGEMENT AND CLIMATE ACTION (CONT'D)

GHG Emissions (Cont'd)

GHG Emissions Measurement Methodology (Cont'd)

- Scope 3 represent value chain indirect emissions not covered under Scope 1 and Scope 2. For FYE 2026, our reporting scope encompasses Category 6 (Business Travel) and Category 7 (Employee Commuting). Calculation of land and air business travel emissions follows a distance-based approach based on journey lengths and transport modes. Employee commuting emissions were quantified using the average-data method, considering employee headcount, transport choices, average single-trip distances and operational working days per year for each subsidiary. Survey results collected from employees provided the dataset for total commuting emission estimates, with conversion factors drawn from the United Kingdom Government GHG Conversion Factors for applicable years.

  Note: Other Scope 3 categories defined under the GHG Protocol are currently excluded due to data availability limitations and have not been prioritised for measurement at this stage. The Group will continue to progressively enhance its Scope 3 reporting coverage as data quality, availability and reporting capabilities improve over time.

Activity Data Used for GHG Emissions Measurement

- Scope 1 GHG Emissions: Activity data for Scope 1 GHG emissions are derived from fuel consumption across company-owned or controlled vehicles, machinery and equipment. These data are obtained from internal records, including fuel purchase logs, invoices and meter readings, where available.

- Scope 2 GHG Emissions: Activity data for Scope 2 GHG emissions comprise purchased electricity consumption measured in kilowatt-hours (kWh). Electricity consumption data are obtained from utility invoices across the Group's operations.

- Scope 3 GHG Emissions: Activity data for Scope 3 GHG emissions are based on the following methodologies:

  - **For Category 6 (Business Travel):**
    - Air travel: Total travel distance is calculated based on the distance between origin and destination airports using data published from the International Civil Aviation Organization ("ICAO").
    - Land travel: Total distance travelled for business purposes is based on mileage claims submitted by employees, together with the relevant emission factors applied based on an average petrol passenger vehicle assumption. Relevant emission factors are applied based on an average petrol passenger vehicle assumption.

  - **For Category 7 (Employee Commuting):**
    Activity data was collected via an internal survey administered through Google Forms. The survey captured estimated commuting distances and modes of transport, achieving approximately 82.67% workforce coverage during the reporting period. To ensure representativeness across our total FYE 2026 workforce, total commuting emissions were extrapolated based on average results from the surveyed sample population.

Note: Scope 3 data collection commenced in FPE 2025.

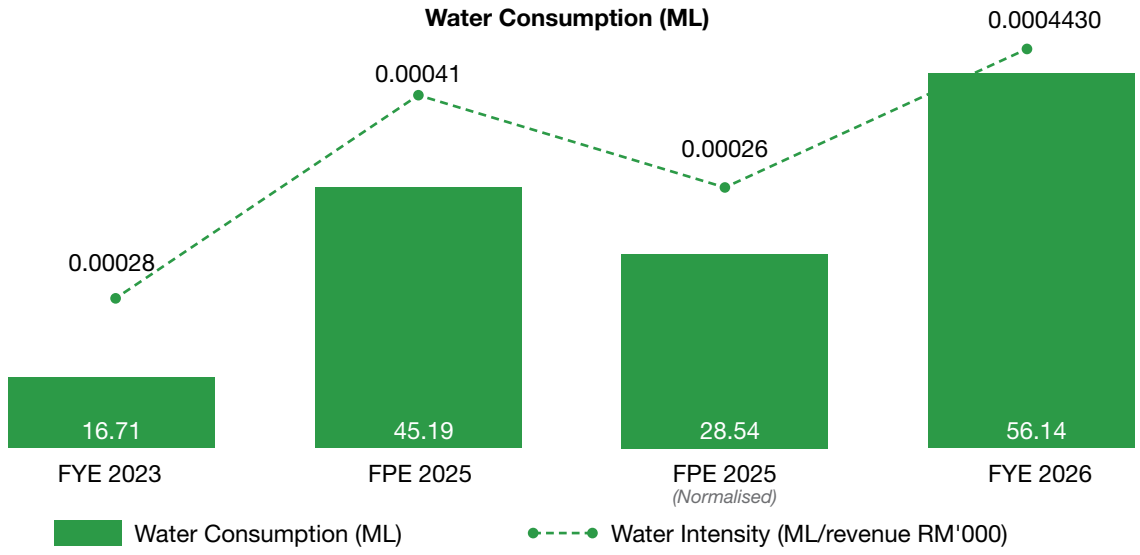
Use of Estimates, Assumptions, and Proxy Data

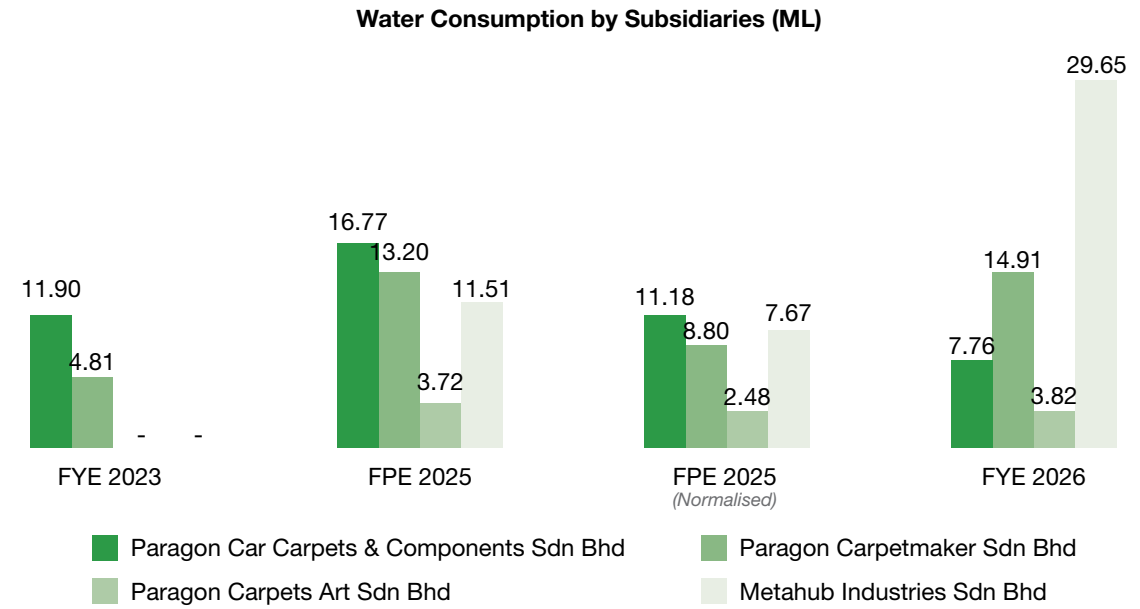
Where activity data are not available on a timely basis, the Group applies reasonable estimates based on historical data. In instances where data are incomplete or unavailable, proxy data or the most relevant available industry averages are utilised. Key estimates, assumptions and data limitations are periodically reviewed and refined as data availability and quality improve to enhance the accuracy and completeness of GHG emissions reporting.

WATER CONSUMPTION

Water is essential natural resource used across our manufacturing operations, supporting core production processes and maintaining product quality standards across carpet manufacturing activities. Responsive water management supports efficient resource utilisation and safeguards business continuity across our facilities.

In FYE 2026, municipal utilities supplied our operations entirely, with zero withdrawals from groundwater, surface water, or other alternative sources. Total water consumption reached 56.14 megalitres ("ML"), representing a 97% increase against the normalised FPE 2025 baseline of 28.54 ML. Water intensity stood at 0.00044 ML per RM'000 of revenue. Metahub Industries Sdn Bhd generated the majority of our water demand, consuming 29.65 ML to support scheduled waste treatment and recycling operations. We continue to track water consumption across all operating sites while refining process controls and management practices to drive water efficiency.





CORPORATE SUSTAINABILITY STATEMENT

WASTE MANAGEMENT

Waste management remains an important operational consideration across Paragon's manufacturing activities, where production processes generate industrial, operational and packaging waste streams that require appropriate handling, treatment and disposal. Effective waste management is essential to minimising environmental impact, reducing pollution risks and supporting regulatory compliance. The Group adopts a structured waste management approach focused on waste reduction, responsible handling and disposal practices, recycling initiatives and the proper management of industrial effluents in accordance with applicable environmental requirements.

Compliance is maintained through adherence to applicable regulatory requirements, including the Environmental Quality (Scheduled Wastes) Regulations 2005 and the Solid Waste and Public Cleansing Management Act 2007 (Act 672), while internal practices continue to be strengthened to support more efficient resource use.

Waste generated across the Group's operations is categorised into scheduled waste and non-scheduled waste streams. Non-scheduled waste primarily comprises general, felt, plastic and carton waste, while scheduled waste includes latex waste and sludge, generated mainly from carpet production and dyeing processes. Employees receive training on proper waste handling and segregation procedures, particularly in relation to industrial effluent, co-products and carpet waste during production processes. These practices support safer workplace conditions while strengthening waste traceability, regulatory compliance and more responsible resource management across the Group's operations.

The Group's waste management strategy is anchored around three key focus areas:

Waste Reduction and Resource Efficiency

Minimising waste generation through process improvements

- Optimising adhesive usage by transitioning from full-cover spraying methods to more efficient spray patterns
- Reducing material wastage across manufacturing processes
- Promoting reuse and recycling practices where feasible

Responsible Waste Handling and Disposal

Ensuring that all waste is handled, stored and disposed of responsibly

- Segregating scheduled and non-scheduled waste in accordance with established waste management procedures
- Ensuring the secure storage and proper labelling of scheduled waste to support safe handling and regulatory compliance
- Disposing of waste through licensed contractors approved by the Department of Environment ("DoE")
- Conducting regular audits and inventory tracking to strengthen waste management performance management monitoring and traceability

Recycling and Landfill Diversion

Diverting waste from landfill through increased recycling efforts

- Segregating recyclable materials including plastic and carton waste, to support responsible waste management practices
- Monitoring waste streams to identify opportunities for recycling and resource recovery
- Increasing waste recovery rates through the Group's recycling operations, including the newly acquired Paragon Asahi Seiren Sdn Bhd, alongside Paragon Metal Sdn Bhd and Metahub Industries Sdn Bhd

WASTE MANAGEMENT (CONT'D)

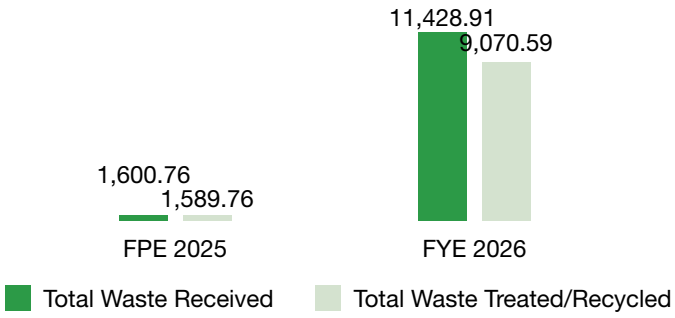
Circular Economy: Turning Waste into Value

The Group's expansion into recycling and recovery businesses reflects our ongoing efforts to strengthen circular economy practices and enhance resource recovery capabilities across operations. Recoverable materials are diverted from landfill and channelled back into the broader value chain, supporting resource efficiency and reducing environmental impact.

The acquisitions of Metahub Industries Sdn Bhd in FPE 2025 and Paragon Asahi Seiren Sdn Bhd in FYE 2026 further strengthened the Group's circular economy capabilities through the recovery, processing and trading of secondary raw materials, including scrap metals, aluminium ingots and carbon-based materials such as carbon blocks. These materials are subsequently channelled to authorised downstream recyclers for further recovery and reuse. Collectively, these initiatives support the Group's transition from conventional waste management practices towards a more integrated and value-driven resource recovery approach.

In FYE 2026, Metahub Industries Sdn. Bhd. received 11,428.91 tonnes of waste materials, representing a 613.97% increase compared with the previous reporting period. Of the total volume received, 79.37% (9,070.59 tonnes) was recycled or treated. This growth reflects the expanded scale of Metahub's operations and underscores our ongoing commitment to advancing waste recovery and resource circularity across our recycling businesses.

Waste Handled and Treated/Recycled (tonnes)



Waste Performance

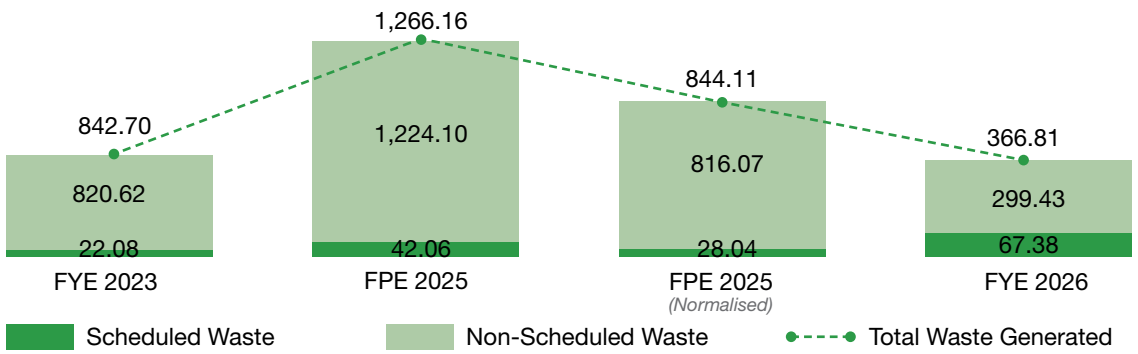
Across our operations, total waste generation reached 366.81 tonnes in FYE 2026, with 21.06 tonnes successfully recycled and diverted from landfill under established recovery practices. To advance our waste minimisation efforts, we transitioned carpet production from full-cover adhesive spraying to an optimised spray pattern during the financial year. Replacing full surface coverage with precise pattern application cuts raw adhesive consumption per unit, minimises liquid chemical overspray and curbs container waste at source.

Scheduled waste, classified as hazardous or prescribed waste requiring specialised treatment and regulated handling increased from 28.04 tonnes in the normalised FPE 2025 baseline to 67.38 tonnes in FYE 2026. This rise was driven by expanded recovery operations at Metahub Industries Sdn Bhd, where processing larger volumes of incoming waste generated a higher volume of treatment residues.

Waste Management (tonnes)	FYE2023	FPE 2025	FPE 2025 (Normalised)	FYE 2026
Total Waste Generated	**842.70**	**1,266.16**	**844.11**	**366.81**
Non-scheduled Waste	820.62	1,224.10	816.07	299.43
Scheduled/ Hazardous Waste	22.08	42.06	28.04	67.38
Total Waste Diverted from Landfill	**9.60**	**21.18**	**14.12**	**21.06**
Total Waste Directed to Landfill	**1,355.78**	**1,902.72**	**1,268.48**	**345.75**

Note: FYE 2023 and FPE 2025 non-scheduled waste data has been restated to reflect corrections identified during the current reporting period.

Total Waste Generated (tonnes)



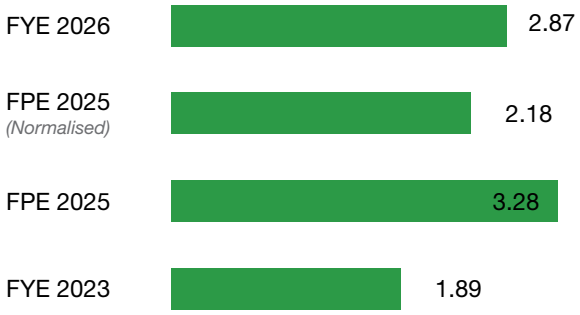
WASTE MANAGEMENT (CONT'D)

Effluent Management

We manage effluent generated from our manufacturing operations to maintain compliance with environmental requirements and minimise potential impacts on the surrounding environment. Among the Group's subsidiaries, Paragon Carpetmaker Sdn Bhd remains a key contributor to overall effluent generation due to the nature of its manufacturing activities. Effluent is primarily generated from latex processing, fabric dyeing activities and machinery servicing processes that produce contaminated oil and wastewater.

An on-site wastewater treatment plant processes operational effluent to required regulatory standards before discharge. Following treatment, compliant effluent is safely discharged into municipal drainage networks leading to receiving water bodies. In FYE 2026, total treated effluent discharge reached 2.87 ML across our operations, representing a 31% increase compared to the normalised FPE 2025 baseline. We recorded zero non-compliance incidents regarding water quality standards during the financial year and maintain continuous monitoring to ensure ongoing regulatory adherence.

Effluent/Wastewater Discharge (ML)



Key Parameters

- pH
- Biochemical Oxygen Demand ("BOD")
- Chemical Oxygen Demand ("COD")
- Total Suspended Solids ("TSS")
- Oil & Grease ("O&G") concentrations

Empowering Communities and Fostering Inclusion

People form the foundation of our long-term sustainability and operational growth. We foster a fair, safe, and inclusive workplace that prioritises employee well-being, professional advancement, and equitable labour practices. Beyond internal operations, our commitment extends to supporting local communities through active social initiatives and responsible corporate conduct, delivering shared value across all stakeholder groups.

Strategic Thrust



Ensure a supportive, safe and inclusive environment that promotes employee well-being and professional growth.

Material Matters

- Occupational Health and Safety
- Talent Management and Labour Practice
- Diversity, Equity and Inclusion
- Social and Local Community

Key Stakeholder Groups



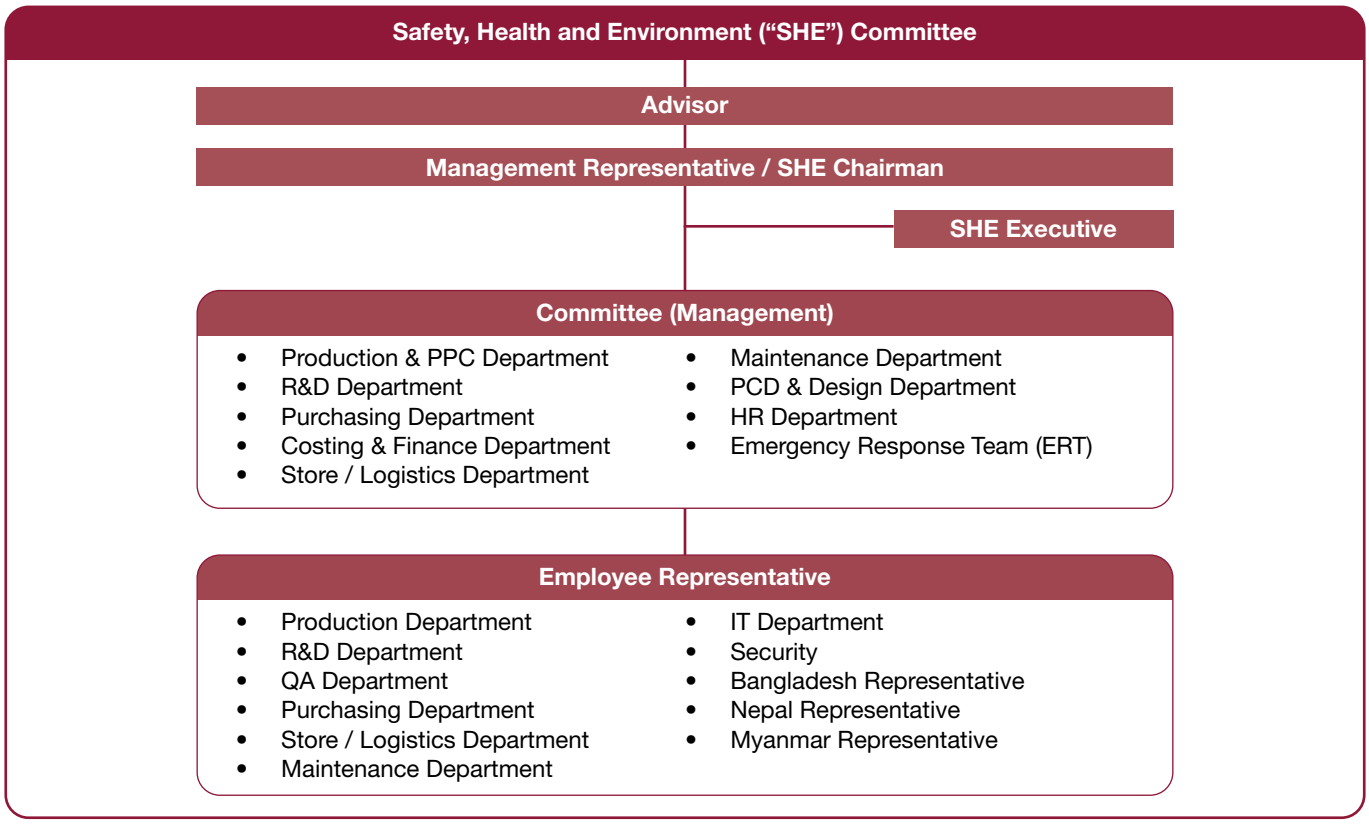
UN SDGs



CORPORATE SUSTAINABILITY STATEMENT

Occupational Health and Safety

Protecting employee safety, health and well-being remain fundamental to maintaining safe and reliable manufacturing operations across the Group. Given the nature of manufacturing activities across the Group, workplace safety and risk management remain important operational priorities. Workplace risks are managed through adherence to the Occupational Safety and Health Act 1994 ("OSHA 1994"), relevant industry safety and health requirements and internal safety management policies aligned with internationally recognised standards.



Given the operational nature of the carpet manufacturing industry, workplace safety and risk management remain key priorities across our operations. Workplace risks are managed through adherence to the Occupational Safety and Health Act 1994 ("OSHA 1994"), relevant industry safety and health requirements and internal safety management policies aligned with internationally recognised standards.

We also maintain a Safety, Health and Environment ("SHE") Committee to oversee workplace safety, health and environmental matters and support the implementation of safety management practices across operations. The Committee is led by the Advisor and overseen by the Management Representative or SHE Chairman, with support from the SHE Executive together with Management and Employee Representatives. The Committee meets quarterly to review workplace risks, safety performance and ongoing initiatives to support safety oversight and implementation across the Group.

Our Safety and Health Management System is aligned with ISO 45001, the internationally recognised standard for occupational safety and health ("OSH") and is subject to periodic internal and external audits in accordance with established safety requirements. Hazard Identification, Risk Assessment and Risk Control ("HIRARC") is implemented as a key risk management tool to support workplace safety. The framework enables employees to identify potential hazards and implement appropriate preventive control measures accordingly.

Emergency Response Plan ("ERP")

Effective emergency preparedness remains important to protecting employees, safeguarding operations and maintaining business continuity across the Group's operations. To support readiness for potential workplace incidents, emergencies and natural disasters, we implement a structured Emergency Response Plan ("ERP") that is regularly reviewed, updated and communicated across our operations. An Emergency Response Team ("ERT") has been established with defined roles and responsibilities to coordinate emergency response and crisis management activities.

Members of the ERT	Roles and Responsibilities
Safety & Health and Environment ("SHE") Chairman / ERT Incident Commander	• Ensure all emergency response systems remain functional and operational. • Monitor, test and assess emergency response procedures to ensure site readiness during emergencies. • Coordinate communication with external authorities and agencies (e.g., Bomba) during emergency situations.
SHE Executive / Historian	• Arrange and coordinate annual simulated drills with the respective team leaders. • Establish and ensure appropriate training for the emergency response team. • Document and maintain records of emergency incidents and situations.
Public Speaker	• Manage responses to public enquiries during emergency situations. • Liaise with relevant authorities and insurance agencies where necessary.
Assembly Leader	• Ensure all employees are safely evacuated from danger areas and account for any missing personnel. • Maintain updated employee records for evacuation and emergency response purposes.
Floor Warden (Evacuation Team Member)	• Conduct headcounts during assembly and report to the Assembly Leader. • Ensure employees have been safely evacuated from their assigned floors or areas.
Fire-Fighting Team Leader	• Ensure the fire-fighting team remains prepared to respond to fire emergencies. • Arrange and conduct at least one simulated emergency drill annually. • Coordinate and oversee response actions during emergency situations (e.g., fire incidents).
Chemical Spillage Response Team Leader	• Lead the team in managing and cleaning up chemical spills and related incidents. • Inspect and ensure spill kit equipment is available and ready for emergency use on at least a monthly basis.
First Aid Team	• Rescue and provide first-aid assistance to injured persons, including performing cardiopulmonary resuscitation ("CPR") where necessary.
Security Personnel	• Ensure evacuation routes remain safe and accessible during emergency situations. • Control vehicle traffic during employee evacuation procedures.
Electrical Personnel (Maintenance)	• Ensure the electrical power supply is switched off during emergencies where necessary.
Employees	• Understand designated evacuation routes and comply strictly with instructions issued by emergency personnel.

Health and Safety Programmes

Occupational health and safety ("OHS") training programmes cover key workplace safety topics aimed at improving safety awareness and promoting safe work practices across the workforce. Training and safety engagement initiatives continue to support employee awareness and reinforce safe workplace behaviours across operations. No workplace fatalities were recorded across the Group in FYE 2026.

17 Programmes
OHS Training Programmes Provided in FPE 2026

601 Participants*
Attended HSE Training Programmes

Note: *Data for participants attending HSE training programmes reflects attendance figures and may not correspond directly to the total number of employees across the Group.

Health and Safety Programmes (cont'd)

HSE Training Programmes	Description
Safety Awareness (Hazard Identification, Unsafe Act & Unsafe Condition) Training	Identification of workplace hazards, unsafe acts and unsafe conditions, including appropriate preventive and corrective safety measures.
Safety Awareness (Ergonomics & Manual Handling)	Proper ergonomics, safe lifting techniques and manual handling practices to reduce the risk of musculoskeletal injuries
Emergency Response Plan & Preparedness (ERP)	Emergency response procedures, evacuation protocols and preparedness measures for workplace emergencies and crisis situations.
Fire Fighting Training	Fire prevention measures, proper use of fire-fighting equipment and emergency evacuation procedures during fire incidents.
Safe Operation of Forklift Training	Safe forklift operation, material handling procedures and hazard awareness to minimise workplace accidents and operational risks.
Fire Drill Training	Practical evacuation drills conducted to improve emergency preparedness and familiarise employees with evacuation procedures and assembly points.
Scheduled Waste Training	Proper handling, storage and disposal of scheduled waste in accordance with environmental and safety regulations.

	FYE 2023	FPE 2025	FYE 2026
Total number of hours worked	868,400	1,424,098	1,142,662
Number of lost-time injuries	1	7[2]	2
Lost-time Incident Rate ("LTIR")[1]	0.23[2]	0.98[2]	0.35

Note:
1. LTIR is calculated in accordance with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition), based on 200,000 hours worked per year.
2. LTIR figures have been restated to ensure data accuracy.

Talent Management and Labour Practices

To support long-term business growth and operational excellence, we strive to cultivate a working environment that promotes productivity, engagement and employee well-being. This is supported by equal opportunities for professional development and career advancement across our operations. Our talent management practices are grounded in compliance with applicable employment legislation to safeguard employees' rights and ensure their needs are appropriately addressed.

Open and transparent communication between Management and employees remains essential in fostering a positive and engaged workforce. To support this, accessible communication channels, including suggestion boxes and a dedicated grievance mechanism, are provided to enable employees to raise concerns relating to workplace conditions and remuneration anonymously and in confidence. These mechanisms strengthen employee engagement, support fair workplace practices and reinforce a culture of trust and accountability across our operations.

This commitment is further supported by the implementation of comprehensive labour rights policies that promote equitable employment practices, respect, diversity and inclusion across all our operations. No incidents of discrimination, harassment, child labour or forced labour were recorded across operations during FYE 2026, reinforcing our commitment to ethical, fair and inclusive workplace practices.

Diversity, Equity & Inclusion Policy

Promotes an inclusive and respectful workplace by ensuring equal opportunities, fair treatment and respect for all employees, regardless of background, identity or personal characteristics.

Child Labour and Forced Labour Policy

Safeguards human rights through the prohibition of child labour, forced labour and all forms of exploitative employment practices, while promoting ethical and responsible labour standards across operations.

Workplace Discrimination and Harassment Policy

Maintains a zero-tolerance approach towards discrimination, bullying, harassment and unfair employment practices to foster a safe, respectful and professional working environment.

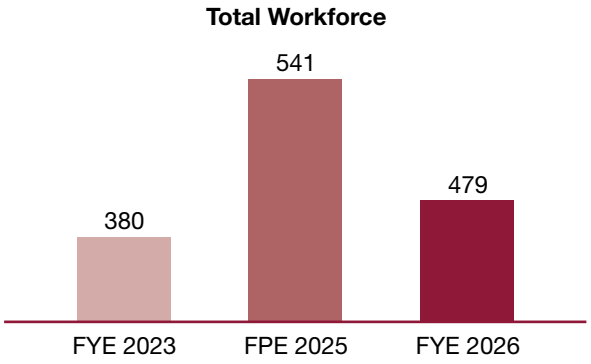
Freedom of Association Policy

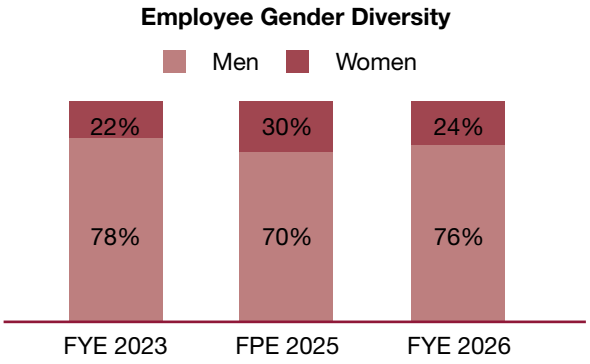
Upholds employees' rights to freely associate, join lawful organisations or trade unions and engage in collective representation without fear of discrimination, intimidation or retaliation.

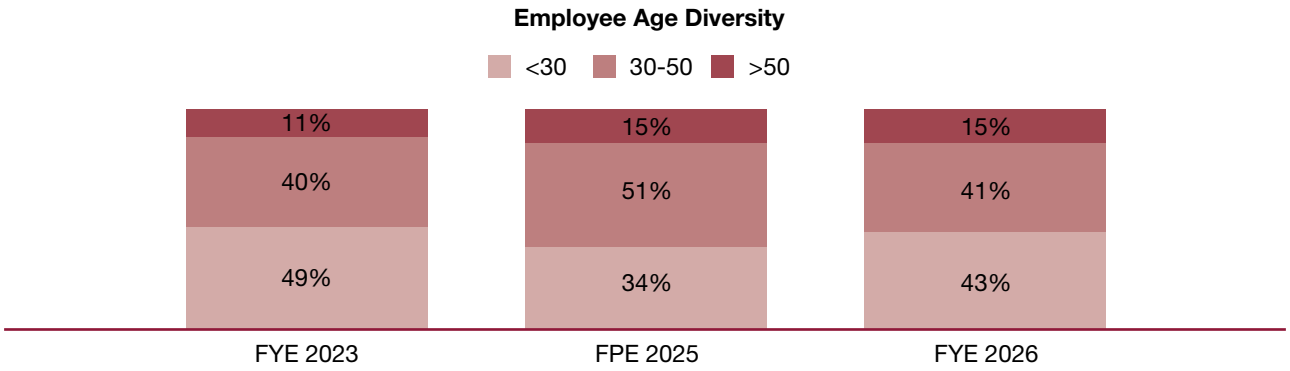
Diversity, Equity and Inclusion

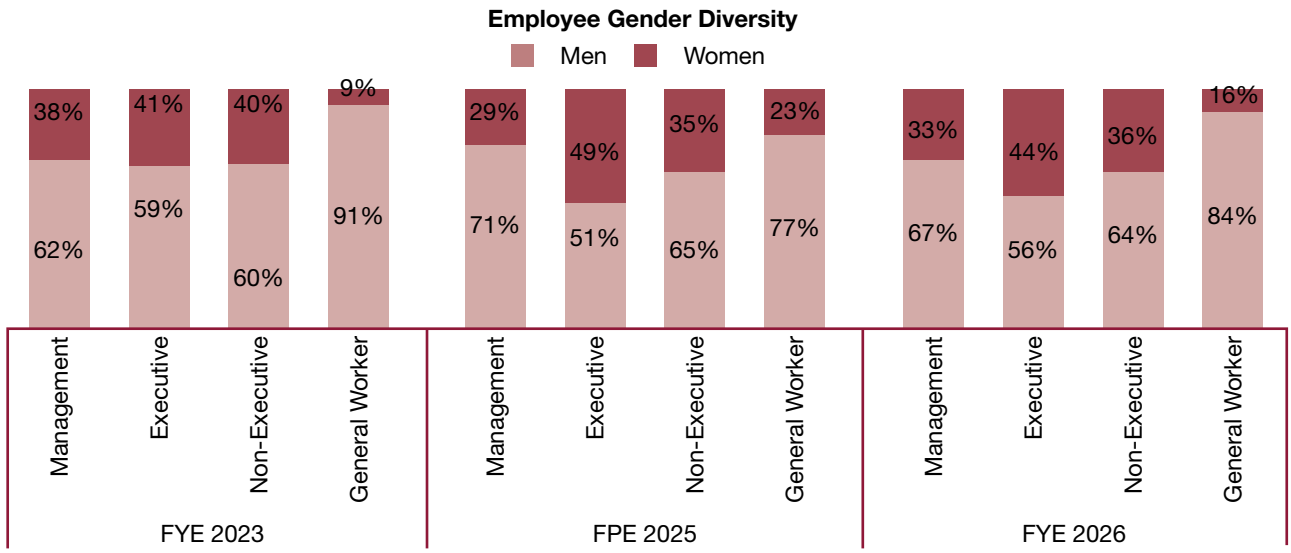
Maintaining a diverse and inclusive workforce supports Paragon's operational requirements by strengthening workforce capability, broadening perspectives and supporting long-term business sustainability. At Paragon, diversity, equity and inclusion support a respectful and inclusive workplace where employees are provided equal opportunities for development and participation across the organisation.

Fair and merit-based practices are applied across recruitment, career development and leadership opportunities to strengthen workforce capability and employee development. An inclusive and respectful working environment also strengthens talent attraction and retention by creating a workplace where individuals feel respected, valued and empowered regardless of background or identity.

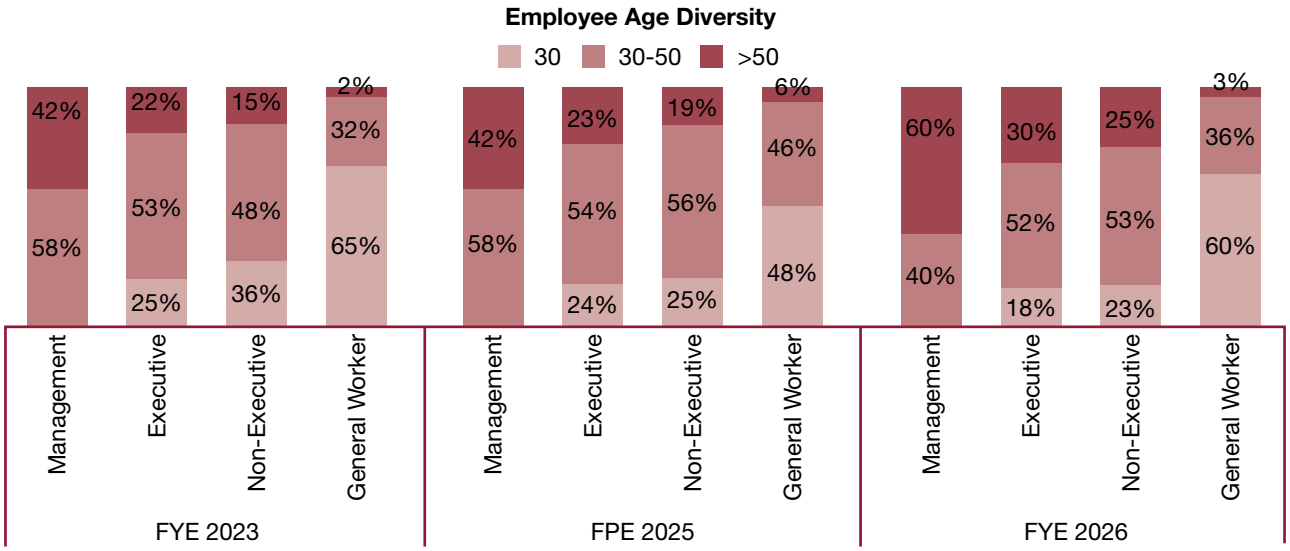








Diversity, Equity and Inclusion (Cont'd)



Note: FPE 2025 employee diversity percentages have been restated to reflect updates to the total workforce figures.

Employee Benefits

The milestones we achieve relies on the dedication, capability, and well-being of our workforce. We believe that actively valuing our employees and supporting their personal welfare creates an environment where our team can thrive together. Supporting our people for the long-term means offering competitive remuneration alongside well-rounded benefits that protect health, reward commitment and nurture talent across all our operations.

- **Group Hospitalisation & Surgical Insurance**
- **Personal Accident Insurance Scheme**
- **Medical and Dental Benefits**
- **Travelling Reimbursement**
- **Company Car**
- **Parking Facilities**
- **Hostel Accommodation**

Performance Appraisal

Annual performance appraisals are conducted to evaluate employee performance, recognise contributions and identify development opportunities to strengthen workforce capability across the Group. In FYE 2026, the Human Resource Department conducted performance appraisals for 357 employees across the Group's operations.

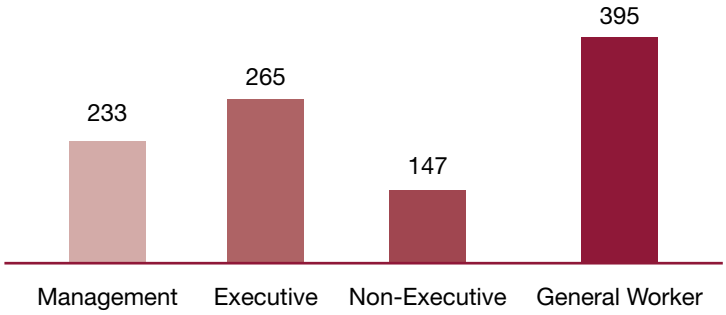
Performance Appraisal	FYE 2023	FPE2025	FYE 2026
Employees who received appraisals	313	386	357

Diversity, Equity and Inclusion (Cont'd)

Employee Training

Employee training and development remain important to maintaining workforce capability across the Group. Training and upskilling programmes are conducted across relevant areas including Lean Management, cybersecurity management, industrial compliance and smart factory transformation to strengthen employee competencies and support operational requirements.

Total Training Hours by Employee Category



1040
hours of training provided

An average of **6.8 training hours** per employee

15
talent and development programmes conducted

New Hires and Turnover

In FYE 2026, the Group recorded 62 new employee hires comprising 42 men and 20 women, while 47 employees departed during the financial year.

Total Number of Full-Time Employee New Hires	FYE 2023	FPE 2025	FYE 2026
	By Employee Category		
Management	2	5	8
Executive	10	14	4
Non-Executive / Technical Staff	30	99	4
General Worker	88	34	46
	By Gender		
Men	37	91	42
Women	93	61	20
	By Age		
Below 30 years	84	82	41
30-50 years	42	51	17
Above 50 years	4	19	4

Total Number of Full-Time Employee Turnover	FYE 2023	FPE 2025	FYE 2026
	By Employee Category		
Management	3	7	3
Executive	14	11	7
Non-Executive / Technical Staff	21	30	7
General Workers	74	75	30
	By Gender		
Men	74	90	25
Women	38	33	22
	By Age		
Below 30 years	81	62	26
30-50 years	29	50	12
Above 50 years	2	11	9

CORPORATE SUSTAINABILITY STATEMENT

Social and Local Community

We recognise the importance of contributing to the communities where we operate through meaningful engagement and responsible corporate conduct. Community initiatives and sponsorships promote positive social outcomes while fostering constructive relationships with local stakeholders. Internal approval processes govern our corporate social responsibility ("CSR") and sponsorship activities, ensuring appropriate considerations apply when selecting programs to maintain transparent, responsible resource allocation.

Supporting local cultural heritage during the reporting period, Metahub Industries Sdn. Bhd. contributed RM1,000.00 to Persatuan Persembahan Chingay Jee Heng Lor in FYE 2026.

Weaving Sustainable Progress

The future of the carpet industry continues to evolve alongside changing expectations relating to sustainability, innovation and business performance. Across our operations, considerations relating to material selection, manufacturing processes and resource use remain important in supporting product quality, operational continuity and responsible business practices.

Looking ahead, Paragon will continue strengthening manufacturing discipline, improving resource efficiency and maintaining responsible governance practices while responding to evolving market and regulatory expectations. Supported by the collective efforts of our people and guided by a practical and measured approach to sustainability, we remain focused on creating long-term value for our business, customers and stakeholders.



PARAGON UNION BERHAD

BMLR Transition Period

Date & Time: 2026-10-28_08:49:36

Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Product Quality and Quality Assurance	Average customer satisfaction score	Score	6.90	NA	4.95	No assurance
Supply Chain Management	Percentage of total procurement spend allocated to local suppliers	%	67	52	NA	No assurance
Legal and Regulatory Compliance	Number of incidents of non-compliance with relevant laws and regulations	Number	1	0	NA	No assurance
Corporate Governance and Anti-Corruption	Confirmed incidents of corruption	Number	0	0	Zero confirmed incidents	No assurance
Corporate Governance and Anti-Corruption	Percentage of employees receiving anti-corruption training (Management)	%	51	35	NA	No assurance
Corporate Governance and Anti-Corruption	Percentage of employees receiving anti-corruption training (Executive)	%	30	8	NA	No assurance
Corporate Governance and Anti-Corruption	Percentage of employees receiving anti-corruption training (Non-Executive / Technical Staff)	%	0	0	NA	No assurance
Corporate Governance and Anti-Corruption	Percentage of directors by Gender (Men)	%	67	67	NA	No assurance
Corporate Governance and Anti-Corruption	Percentage of directors by Gender (Women)	%	33	33	NA	No assurance
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	Zero compliant	No assurance
Energy Management and Climate Action	Total energy consumption	GJ	32,206.33	39,226.77	NA	No assurance

PARAGON UNION BERHAD

BMLR Transition Period

Date & Time: 2026-10-28_08:49:36

Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Energy Management and Climate Action	Total GHG emissions (Scope 1, Scope 2 and selected Scope 3)	tCO_2e	5,455.47	5,560.11	NA	No assurance
Energy Management and Climate Action	Scope 1 GHG emissions	tCO_2e	738.51	1,232.82	NA	No assurance
Energy Management and Climate Action	Scope 2 GHG emissions	tCO_2e	4,129.51	3,947.87	NA	No assurance
Energy Management and Climate Action	Scope 3 GHG emissions (Employee Commuting)	tCO_2e	526.21	379.42	NA	No assurance
Energy Management and Climate Action	Scope 3 GHG emissions (Business Travel - Land and Air)	tCO_2e	61.24	53.41	NA	No assurance
Water Consumption	Total water consumption	ML	45.19	56.14	NA	No assurance
Waste Management	Waste materials received by Metahub Industries Sdn Bhd	Tonnes	1,600.76	11,428.91	NA	No assurance
Waste Management	Percentage of waste materials received by Metahub Industries Sdn Bhd recycled or treated	%	99	79	NA	No assurance
Waste Management	Total waste generated across Group operations	Tonnes	1,266.16	366.81	NA	No assurance
Waste Management	Total waste diverted from landfill	Tonnes	21.18	21.06	NA	No assurance
Waste Management	Total waste directed to landfill	Tonnes	1,902.72	345.75	NA	No assurance
Occupational Health and Safety	Number of work-related fatalities	Number	0	0	Maintain Zero fatalities	No assurance
Occupational Health and Safety	Lost-time incident rate (LTIR)	Rate	0.98	0.35	Maintain zero LTIR	No assurance
Occupational Health and Safety	Number of participants trained on health ad safety standards	Number	465	601	NA	No assurance

PARAGON UNION BERHAD

BMLR Transition Period

Date & Time: 2026-10-28_08:49:36

Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Human Rights and Labour Practices	Number of substantiated complaints concerning human rights violations	Number	0	0	Zero substantiated complaint	No assurance
Talent Management and Labour Practices	Number of employees who received performance appraisals	Number	386	357	NA	No assurance
Talent Management and Labour Practices	Total employee traning hours	Hours	3,708.50	1,040	NA	No assurance
Diversity, Equity and Inclusion	Number of reported incidents of discrimination, harassment, child labour or forced labour	Number	0	0	Zero incidents	No assurance
Social and Local Community	Total amount invested in the community	RM	24,200	1,000	NA	No assurance
Social and Local Community	Total number of beneficiaries of community investment	Number	7	1	NA	No assurance

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Paragon Union Berhad ("Paragon" or "the Company") remains committed to upholding high standards of corporate governance throughout the Company and its subsidiaries (collectively referred to as "the Group"). The Board recognises that effective corporate governance is fundamental to long-term business sustainability, accountability, transparency, and the creation of shareholder value.

The Board remains fully committed to continuously evaluating the Group's corporate governance practices and procedures to ensure that the principles and recommendations set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") are effectively applied and adhered to throughout the Group.

This statement is prepared in compliance with Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 30 June 2026 and it is to be read together with the CG Report 2026 ("CG Report") which is available at the corporate website at www.paragon.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is entrusted with the stewardship role of the Group. It is responsible for providing oversight into the Group's strategic direction, overseeing the Group's business operations, as well as identifying key risk factors that have significant impact on the Group's operations and performance. In achieving these goals, the Board performs regular reviews over the risk management and internal control system to ensure its integrity and adequacy in providing reasonable assurance of risk mitigation. Its overall objective is to enhance the value of its shareholders by achieving the strategic objectives of the Group.

The Board retains full and effective control of the Group. Its roles are essentially providing leadership, management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board has adopted certain responsibilities for the effective discharge of its functions through formalizing its Board Charter which is available at the Company's website: www.paragon.com.my which, inter alia, sets a list of specific functions that are reserved for the Board and Chairman; and the authorisation limit which defines relevant matters and applicable limits reserved for Executive Chairman and Managing Director that are further cascaded to the senior management team within the Company.

The Board has established four (4) Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nomination and Remuneration Committee ("NRC"), Sustainability Committee, and Share Scheme Committee, and has delegated specific responsibilities to each Committee in accordance with their respective Terms of Reference approved by the Board. These Terms of Reference are reviewed periodically by the Board, whenever necessary, to ensure their continued relevance and effectiveness. The Board is also responsible for appointing the Chairman and members of each Committee. Through detailed deliberations and discussions within their respective areas of responsibility, the Committees assist the Board in making informed decisions and fulfilling its governance obligations. The Terms of Reference of all Board Committees are published on the Company's website and are available for viewing at www.paragon.com.my.

The Board of Directors adopted the Code of Conduct and Ethics for Company Directors and employees within the Group. This Code of Conduct and Ethics provides good guidance for a standard of ethical behaviour for Directors based on trustworthiness and honest values that are acceptable and to uphold the spirit of responsibility including social responsibility in line with the legislation, regulations and guidelines for administering a company.

The Group aims to ensure a balance of power and authority between the Executive Chairman and Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasizes and practices a division of responsibility between the Executive and Non-Executive Directors.

The distinct and separate roles of the Executive Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Executive Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as a facilitator at the meetings and ensures that Board proceedings comply with good conduct and best practices. Whilst the Managing Director is responsible for making and implementing operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies.

All Directors have the right to access information within the Group and can as individual Directors or as a full Board have unrestricted access to all information pertaining to the Group's business and affairs. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group.

The Group has published ethical standards for the Board in its Code of Conduct and Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy at the Company's website at www.paragon.com.my for stakeholders' information.

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

Board Composition and Balance

The Board Diversity Policy, including gender diversity, has been established outlining the principles and objectives, independence, skills and experience, gender and ethnicity of Board members, and it is subject to update and/or revision, whenever necessary. The Board is mindful of the need to comply with the gender diversity requirement. The Board comprises six (6) Directors, of whom two (2) are female, representing 33.33% of the Board's composition. The Board remains committed to promoting diversity and recognises the value that diverse perspectives bring to effective decision-making and sound governance.

The Board recognises MCCG's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of the first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, the Board's justification and shareholders' approval are required. A two-tier voting process will be applied in the Annual General Meeting for retaining any Independent Director serving over nine (9) years.

The Company currently does not have a policy to limit the tenure of its Independent Directors. Nevertheless, the Company took note of the recommendation of the MCCG that the tenure of an Independent Director should not exceed a term limit of nine (9) years. Presently, none of the Independent Directors have served more than a cumulative term of nine (9) years at the forthcoming Annual General Meeting.

With the current composition, the NRC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have extensive experience with their many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.

None of the Directors of the Company holds more than five (5) directorships of listed companies as provided under Paragraph 15.06 of the MMLR.

The Board meets at least once every quarter and additional meetings being convened as and when necessary to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the MMLR. During the financial year ended 30 June 2026, six (6) Board meetings were held and the details of attendance of the Board at the Board Meetings are as follows:

Name of Directors	Meeting Attended
Koon Hoi Chun	6/6
Wong Ee-Coln	6/6
Koh Huey Min	6/6
Tan Vei Teck	6/6
Tong Siut Moi (resigned w.e.f. 31 August 2025)	1/1
Teo Siang Ly	6/6
Koon Hon Hoong (appointed w.e.f. 1 October 2025)	5/5

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast of the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Composition and Balance (Cont'd)

Training programmes and seminars attended by the Directors of the Company during the financial year ended 30 June 2026 were as follows:

Name of Directors	Training Programmes/ Seminars Attended
Koon Hoi Chun	• Advanced Anti-Corruption & Anti Bribery.
Wong Ee-Coln	• Malaysia Economic Forum 2026 Outlook • Matrade: Charting the Way Forward: Strategic Pathways for Malaysian Exporters to the US • FMM: Industry Discussion on Petroleum By-Products & Petroleum Based Raw Material Supply Impact • HHQ: From Hormuz Shock to Legal Fallout • FMM: Navigating Energy Challenges Amid the Middle East Conflicts: Impacts, Policies & Industry Responses. • FMM: Business Outreach & Networking Session with Taiwanese Companies
Koh Huey Min	• Steering Climate Risk and ESG Roadmap For Corporates. • AOB's Conversation with Audit Committee by SC:- Navigating the National Sustainability Reporting Framework, Insights On Implementation presented by PWC. • Women Leading Transformation: Courage, Influence & Impact by CIMA Southeast Asia. • AOB's conversation with Audit Committee by SC:- Governance, Accountability and Cost of Silence presented by MSWG. • AICPA & CIMA webinar: Managing AI Risk: A Practical Guide For Finance Professionals.
Tan Vei Teck	• Advanced Anti-Corruption & Anti Bribery.
Teo Siang Ly	• The Basics of Islamic Finance: Introduction to Sukuk
Koon Hon Hoong *(Appointed w.e.f. 1 October 2025)*	• Mandatory Accreditation Programme Part I by ICDM

Company Secretaries

The Board is supported by two (2) qualified secretaries who are associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretaries under the Companies Act 2016.

The Company Secretaries have supported the Board and played an important role to facilitate the overall compliance with Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant laws and regulations. All Directors have access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended all Board and Board Committee's meetings, as well as the Annual General Meeting of the Company held on 28 November 2025. The Company Secretaries, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations.

The Company Secretaries regularly update and advise the Board on new statutes, regulations and directives issued by regulatory authorities. All the Company Secretaries have constantly kept themselves abreast of the regulatory changes and corporate governance developments through attending the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, MIA, Bursa Malaysia, etc. The Board is satisfied with the support rendered by the Company Secretaries in discharging their function.

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

Nomination and Remuneration Committee

The NRC comprises three (3) Non-Executive Directors as follows:

Name of Directors	Designation
Teo Siang Ly *(Chairperson)* *(Re-designated w.e.f 1 October 2025)*	Independent Non-Executive Director
Koh Huey Min *(Member)*	Independent Non-Executive Director
Koon Hon Hoong *(Member)* *(Appointed w.e.f 1 October 2025)*	Non-Independent Non-Executive Director
Tong Siut Moi *(Resigned w.e.f 31 August 2025)*	Independent Non-Executive Director

The Board has been through the NRC, assessed on an annual basis with the use of a board matrix, questionnaires and other evaluation forms, the size, composition, mix of skills, experience, competencies of the existing Board, the individual Directors, the independence and tenure of the Independent Directors, and the effectiveness of the Board and the Board Committees, to identify gaps in the Board composition and the needs to identify and select new members to the Board or Board Committees.

Based on the assessment, the NRC concluded that the current structure, size and composition of the Board, comprises Directors who possess a wide range of expertise, experience and skill in various fields to enable them to discharge their duties and responsibilities effectively. The Board Chairman had performed excellently and contributed to the Board.

The terms of reference of the NRC are available at the Company's website at www.paragon.com.my.

The Company's Constitution provides that one-third (1/3) or nearest to one-third (1/3) of the Directors, for the time being, shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a director who is eligible to stand for re-election, the NRC would consider a variety of factors, including:

- the Director's contributions to the Board and ability to continue to contribute productively;
- the Director's attendance at Board and committee meetings;
- the Director's compliance with the regulations; and
- whether the Director continues to possess the attributes, capabilities and qualifications considered necessary or desirable for Board service.

Directors' Remuneration

The NRC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in. The NRC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Directors and the performance of the Group. Individual directors abstain from participating in the decisions regarding his/her remuneration packages.

The Company aims to set remuneration at levels that are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Pursuant to Section 230(1) of the Companies Act 2016, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Directors' Remuneration (Cont'd)

The details of the Directors' remuneration and fees received from the Group in the financial year ended 30 June 2026 are as follows:

Category	Fees (RM)	Meeting Allowances (RM)	Salaries and Bonus (RM)	Statutory Contribution (RM)	Benefit in Kind (RM)	Total (RM)
Executive Directors						
Koon Hoi Chun	-	-	600,000	64,800	-	664,800
Wong Ee-Coln	-	-	902,236	108,274	15,217	1,025,727
Tan Vei Teck	-	-	500,000	52,800	-	552,800
Non-Executive Directors						
Koh Huey Min	79,800	4,500	-	-	-	84,300
Teo Siang Ly	72,000	4,500	-	-	-	76,500
Koon Hon Hoong *(Appointed w.e.f 1 October 2025)*	46,500	3,900	-	-	-	50,400
Tong Siut Moi *(Resigned w.e.f 31 August 2025)*	11,000	600	-	-	-	11,600
Total	**209,300**	**13,500**	**2,002,236**	**225,874**	**15,217**	**2,466,127**

The details of the remuneration of the top Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive band of RM50,000.00 during the financial year ended 30 June 2026 are as follows:

Range of Remuneration (RM)	No of Employee
150,001 – 200,000	-
200,001 – 250,000	1
250,001 – 300,000	1
300,001 – 350,000	2

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board is assisted by the ARMC which comprises three (3) Non-Executive Directors, to oversee the Group's financial reporting process.

The Chairperson of the ARMC is not the Chairman of the Board. The ARMC Chairperson has access to the Executive Chairman, Managing Director, Executive Director, Senior Management, the external auditor and internal auditor.

The composition of the ARMC is reviewed annually with a view to maintaining an independent and effective ARMC, and to be in line with the principles of the MCCG. The ARMC members are expected to continuously update their knowledge and enhance their skills. Based on the performance evaluation of the ARMC for the financial year ended 30 June 2026, the Board is satisfied that the Chairperson and the members of ARMC have discharged their responsibilities effectively.

The independence, suitability and appointment/re-appointment of the External Auditor is reviewed by the ARMC annually based on the External Auditors Appointment and Independence Policy established by the Company.

Please refer to the ARMC Report in this Annual Report for further information.

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

Risk Management and Internal Control Framework

On 27 February 2026, the Audit Committee and the Risk Management Committee were merged to form the ARMC. Notwithstanding this merger, the Board continues to be assisted by the ARMC in overseeing the Group's risk management framework and the effectiveness of its internal control systems. This oversight encompasses the continuous identification, assessment, monitoring, and management of significant risks across the Group. The adequacy and effectiveness of these processes are reviewed periodically to ensure alignment with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers.

The Managing Director and Senior Management are responsible for the identification and evaluation of key risks applicable to their areas of business activities continuously. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.

The Internal Audit function is outsourced to Talent League Sdn. Bhd., a reputable internal audit consulting firm. The engagement team are led by Mr. Hong Cheong Liang, Engagement Director, and Ms. Leena Sim, Engagement Manager, and supported by a team of experienced professionals. The Engagement Director and Engagement Manager are members of the Malaysian Institute of Accountants (MIA) and the Institute of Internal Auditors Malaysia (IIAM), respectively, demonstrating their professional qualifications, expertise, and commitment to maintaining high standards of internal auditing.

The Internal Auditors have performed their work with reference to the principles of the International Professional Practice Framework of the Institute of Internal Auditors covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders. The ARMC will review the engagement between the Group and the Internal Auditors to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

The Board is of the view that the system of internal control and risk management is in place and is sound and sufficient in safeguarding the Group's assets and shareholders' investment and interests of all stakeholders.

The information on the Group's internal control is further elaborated in the Statement on Risk Management and Internal Control set out in this Annual Report.

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

Communication with Stakeholders

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The annual report and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance to all shareholders.

The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website at www.paragon.com.my for stakeholders' information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Conduct of General Meetings

The Company's General meetings serve as principal forums for shareholders to engage directly with the directors and senior management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group. Shareholders are encouraged to attend AGM and participate in the question-and-answer sessions on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company's Constitution.

All Board members had ensured their attendance at the 31st AGM and the Chairpersons of the respective Board Committees with Management attended to questions raised pertaining to their duties. The External Auditors also attended the 31st AGM and had provided clarification to the Shareholders particularly relating to the financial statements.

Pursuant to Paragraph 8.29A(1) of the MMLR, the Company is required to ensure that any resolutions set out in the notice of general meetings are voted by poll. At the 31st AGM and EGM of the Company held on 28 November 2025, all resolutions were decided by a poll and the votes received in respect of each resolution were notified to Bursa Securities on the same date as the meeting was held. The poll voting was conducted via electronic means, and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meeting.

The Minutes of 31st AGM and EGM were posted on the Company's website within 30 business days from the date of the respective meetings.

COMPLIANCE STATEMENT

The Board confirms that the Group has made a significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to playing a proactive role in steering the Group towards the highest level of integrity and ethical standards.

This Corporate Governance Overview Statement was approved by the Board on 23 October 2026.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors ("the Board") of Paragon Union Berhad acknowledges the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets.

The Board is pleased to outline the Statement of Risk Management and Internal Control ("SORMIC") of the Company and its subsidiaries ("the Group") for the financial year ended 30 June 2026 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2021.

2. BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of risk management and internal controls and for reviewing its effectiveness, adequacy and integrity. However, given the limitations that are inherent in any system of risk management and internal controls, the Board is aware that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement, fraud or loss.

The Board delegated the oversight of risk management and internal control to the Audit and Risk Management Committee ("ARMC"). The ARMC was reconstituted on 27 February 2026 through the merger of the previously separate Audit Committee and Risk Management Committee. The ARMC's responsibility includes setting the overall tone and risk management with the Group and ensuring the Group has adequate and effective risk management frameworks in place for the Group. The ARMC is supported by the Senior Management of the Group in implementing the Board-approved policies and procedures to ensure that the Group's risk management and internal control systems are operating adequately and effectively.

In ensuring the Group has adequate and effective risk management in place, the Board, through the ARMC, shall engage with the independent internal auditor and to receive reports on the internal audit reviewed to ensure its effectiveness, independence, and integrity in evaluating the company's internal controls, risk management, and financial reporting are adequately and effectively managed.

3. KEY ELEMENTS OF INTERNAL CONTROLS

I. Risk Management Framework

The ARMC will assist the Board on the ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which was in place for the year under review. This process is regularly reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Issuers.

The Management is responsible for the identification and evaluation of key risks applicable to their areas of business activities continuously. Risks identified are reported promptly during the periodic management meetings to enable corrective actions to be taken.

II. Internal Audit Functions

The Group engages an independent internal auditor who reports directly to the ARMC. The internal auditor provides independent oversight and objective assurance regarding the Group's governance, risk management, and control processes, promoting transparency and accountability.

The internal audit function focuses on priority areas determined by a risk assessment of auditable segments or operational units. Scheduled activities are outlined in the Internal Audit Plan approved by the ARMC. Where control weaknesses are identified, the internal auditor recommends improvement measures to strengthen controls, and follow-up reviews are conducted to ensure implementation.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3. KEY ELEMENTS OF INTERNAL CONTROLS (CONT'D)

III. Governance and Operational Controls

Structure and Authority
The Group maintains a well-defined organisational structure with clear lines of responsibility, delegation of authority, and reporting segments to facilitate an effective flow of information across the Group.

Active Executive Management
The Managing Director and Executive Director actively participate in day-to-day operations, allowing material operational and financial issues to be resolved in a timely manner.

Performance Monitoring
The ARMC and the Board review the Group's financial performance, financial status, and operational results at their quarterly meetings.

4. REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, have reviewed this SORMIC for inclusion in the Company's Annual Report for the financial year ended 30 June 2026. The review of the SORMIC statement by the External Auditor was performed in accordance with the guidance provided in the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants.

The External Auditors have reviewed the SORMIC statement and have reported to the Board that nothing has come to their attention that causes them to believe that this SORMIC statement for the financial year ended 30 June 2026 is not prepared in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is this SORMIC factually inaccurate.

5. STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company's Risk Management and Control framework aims to ensure that the risks of the Company are identified and managed effectively and that its operational and financial objectives are met in compliance with applicable laws and regulations at a reasonable level of assurance. Control procedures are in place to ensure adequate financial reporting.

The Group is recognised for its drive for quality, service and financial discipline. The entrepreneurial spirit is encouraged in the Group in order to seek opportunities that support continuous growth, such as business and product development, while taking reasonably controlled risks.

6. RISK PROFILE

The Group's core business portfolio shifted following its diversification into the recycling sector via the acquisition of Metahub Industries Sdn Bhd on 30 December 2024. Currently, the Group's principal activities consist of the following:

i. The manufacture and distribution of commercial carpets and rugs.

ii. The recovery and reprocessing of precious metals, and the treatment of wastewater from industrial waste (operated via a non-wholly owned subsidiary).

The Group operates within a transparent regulatory environment. Its primary operational risks relate to market uncertainties, supply chain price volatility, and industry competition. Recently, geopolitical tensions have driven abnormal increases in energy and raw material costs, exerting short-term pressure on operating units and profit margins.

7. RISK MANAGEMENT

The Company strives to be sustainable and performance-driven, and by nature involves taking risks and managing those risks. Structured risk assessments are integrated with tendering projects, business planning, manufacturing processes, system implementations and business integration activities. Although steps are taken to minimise risks, there is no absolute assurance of fully eliminating the risks involved in these business undertakings.

8. RESPONSIBILITIES AND ASSURANCE

The Board has the overall responsibility for Risk Management and Internal Control Systems for the Group. It is responsible for resource allocation and risk management policy setting. Its overall effectiveness is subject to review by the ARMC in accordance with its terms of reference.

The ARMC would meet at least four (4) times a year, and the meeting would discuss the results of the risk assessment, risk management process, the developments of existing risks, identification of emerging new risks and the progress of risk-mitigating actions.

In producing this statement, the Board has received assurance from the Managing Director, the Executive Director and Senior General Manager, Finance, to the best of their knowledge, that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

9. COMPANY RULES

There are a standard governing procedure and activities to ensure continuous awareness, compliance and follow-up are in place. The Management is constantly updated on the financial reporting to ensure all financial obligations can be met periodically.

10. GOVERNANCE

The Company's governance procedure consists of annual business planning, operational planning and performance monitoring meetings. Business plans, key risks and quarterly performance of our operating companies are discussed between the management and presented to the Board. These plans also contain an assessment of the main risks, mitigation plans and financial sensitivity analysis.

11. CODE OF BUSINESS CONDUCT

The compliance of the Group's business conduct procedure is supported through continuous monitoring and periodic review of its effectiveness. Employees may report suspected cases of serious misconduct to their direct superior, and the Managing Director will oversee the process and its confidentiality. The management will report to the ARMC and subsequently to the Board every quarter.

12. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Group has an Anti-Bribery and Anti-Corruption Policy, and the published policy applies to all the directors, employees and all external parties with whom the Group has a business relationship.

13. WHISTLEBLOWING POLICY

The Group has a published Whistleblowing Policy that allows all stakeholders, including employees and the public, to report activities that might otherwise go unnoticed. It can expose potential risks like financial irregularities, safety hazards, or unethical practices before they escalate into major problems. Whistleblowing can lead to corrective actions, improved internal controls and ultimately, better risk management.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

14. SUPERVISION

The Management oversees the adequacy and functioning of the entire system of risk management and internal control, which is further assisted by an independent Internal Auditor who provides independent assurance and advice on the risk management and internal control systems. The outcome and effectiveness of the risk management and internal control systems are evaluated by the Management and reported to the ARMC and the Board by the independent internal Auditors.

15. FINANCIAL REPORTING

The ARMC supports the Management in its responsibility to oversee the financial reporting and the effectiveness of the internal control of the Group. The ARMC comprises two independent non-executive directors and one non-independent non-executive director as of the financial year ended 30 June 2026. The Management is generally to provide and present a balanced representation of the financial standings of the Group. The Management also recommends and presents to the ARMC their financial findings for the year.

In addition, the engagement of independent external auditors would provide further assurance on the financial reporting within the scope of the external auditors' financial audit assignment.

The internal risk management and control systems would provide a reasonable degree of assurance that the financial reporting does not contain any material errors and that the risk management and control systems have operated effectively during the year under review.

16. MAIN RISKS

The Company's main risks and related mitigation measures are described below. The main Company risks have been discussed with the Board and are annually reviewed.

Risk category	Risk description	Mitigation
Products and Process	Poor quality may cause reputational damage and warranty costs	Strengthen production controls, enhance quality assurance (QA) frameworks, and provide continuous technical training.
Management Capabilities	Difficulty attracting and retaining talent.	Implement robust performance appraisal systems and structured management development programmes.
Raw Materials & Commodities	Price volatility and limited availability.	Flexible contracts, multi-sourcing, supplier negotiations.
Supply Chain Disruption	Failure to deliver products on time	Business continuity planning, backup scenarios.
Credit Risk	Customer insolvency, declining demand, and increased credit exposure.	Credit policy, multi-sourcing, and financial assessment of suppliers/customers.
Business Transformation	Cost overruns, unachievable targets.	Strong project governance, prioritisation, and monitoring of costs/benefits.

The above risk categories are risks associated with the nature of businesses of the Group, and such risks do not have a significant impact on the business, but could, at a later stage, develop into a risk. The Company's risk management systems are continuously monitored to enable the timely discovery of such risks.

17. ASSURANCE & CONCLUSION

The Board is satisfied and has received assurance from the Managing Director, Executive Director and Senior General Manager, Finance that the Group's risk management and internal control systems are operating effectively. No significant weaknesses, material losses, or uncertainties were identified during the year under review. The Board remains committed to continuous monitoring and enhancement of the framework to support strategic objectives and sustainable growth.

This SORMIC statement is issued in accordance with a Board approval on 23 October 2026.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The Audit and Risk Management Committee ("ARMC") comprises three (3) members which is in compliance with Paragraphs 15.09 and Paragraph 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance 2021 ("MCCG"). All the three (3) ARMC members are Non-Executive Directors.

The current composition of the ARMC is as follows:-

Name of Directors	Status of Directorship
Koh Huey Min (Chairperson)	Independent Non-Executive Director
Teo Siang Ly (Member)	Independent Non-Executive Director
Koon Hon Hoong (Member)	Non-Independent Non-Executive Director

No alternate Director of the Board was appointed as member of the ARMC. None of the ARMC members was previously a partner in the incumbent External Auditors, Messrs. Baker Tilly Monteiro Heng PLT ("Baker Tilly") in the previous three (3) years.

TERMS OF REFERENCE

The Terms of Reference of the ARMC, which sets out the composition, proceedings of the meeting, authority, roles, and responsibilities of the ARMC, is available on the Company's website at: http://www.paragon.com.my.

FINANCIAL LITERACY OF THE MEMBERS OF ARMC

All members of the ARMC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the ARMC.

The ARMC is chaired by Madam Koh Huey Min, a Chartered accountant of the Malaysian Institute of Accountants ("MIA") which fulfils the requirement under Paragraph 15.09(c)(i) of the MMLR of Bursa Securities, who is independent and possesses the necessary skills, capabilities and attributes to ensure that all ARMC meetings are efficiently conducted by fostering open discussions with all members of the ARMC on the agenda items during meetings so as to facilitate thorough consideration of all subject matters presented to the ARMC.

All members of ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

ARMC MEETINGS

During the financial year ended 30 June 2026 ("FYE 2026"), the ARMC conducted five (5) meetings which all were duly convened with sufficient notices given to all ARMC members together with the agenda, reports and proposals for deliberation at the meetings.

The Executive Chairman, Managing Director, Executive Director and senior management were invited to all ARMC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the ARMC at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for FYE 2026.

In the ARMC meetings, the External Auditors and the Internal Auditors were given opportunities to raise any matters to the ARMC members at any time, should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the ARMC meetings were tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

ARMC MEETINGS (CONT'D)

The ARMC had a private session with the External Auditors without the presence of the Executive Directors and senior management of the Company during FYE 2026.

Details of attendance of the ARMC members at the ARMC meetings during FYE 2026 are as follows:

Members	Designation	Attendance
Koh Huey Min	Chairperson	5/5
Teo Siang Ly	Member	5/5
Tong Siut Moi *(Resigned w.e.f. 31 August 2025)*	Member	1/1
Koon Hon Hoong *(Appointed w.e.f. 1 October 2025)*	Member	4/4

SUMMARY OF ACTIVITIES

The activities undertaken by the ARMC during FYE 2026 comprised the following:

Financial Reporting

i. Reviewed the audited financial statements of the Company before submission to the Board of Directors for their perusal and approval. This was to ensure compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia, and the MMLR of Bursa Securities.

ii. Reviewed the unaudited financial results before recommending them for the Board's approval, focusing particularly on:
- Any change in accounting policies;
- Significant adjustments arising from the audit; and
- Compliance with accounting standards and other legal requirements

External Audit

i. Reviewed the Audit Plan for FYE 2026 presented by the External Auditors, outlining the scope of works, key areas of audit emphasis, audit approach, timetable, and the new and revised auditors reporting standards;
ii. Considered and recommended to the Board for approval of the audit fees payable to the external auditors;
iii. Reviewed the external audit review memorandum for FYE 2026 and the response from the Management;
iv. Reviewed the performance and effectiveness of the External Auditors in the provision of statutory audit services and making a recommendation to the Board for the re-appointment of External Auditors or the appointment of new External Auditors;
v. Reviewed and evaluated the factors relating to the independence of the External Auditors; and
vi. Reviewed any letter of resignation from the external auditors and any issues regarding resignation or dismissal of external auditors.

Internal Auditor

i. Reviewed the internal audit reports, audit recommendations made, and management response to those recommendations;
ii. Reviewed the Internal Audit Plan tabled by the Internal Auditors and agreed on the timing and frequency of the proposed audit areas;
iii. Reviewed and made a recommendation to the Board of Directors on the appointment of Talent League Sdn Bhd as the Company's Internal Auditors and the scope of work;
iv. Considered and recommended to the Board for approval of the fees payable to the Internal auditors; and
v. Reviewed and approved any appointment, termination or resignation of the firm of internal auditors.

Internal Control and Risk Management

i. Reviewed the internal audit plan for adequacy of scope and coverage and risk areas;
ii. Reviewed risk management reports and internal audit reports;
iii. Reviewed the effectiveness and adequacy of risk management, operational and compliance processes; and
iv. Reviewed the adequacy and effectiveness of corrective actions taken by the Management on all significant matters raised.

SUMMARY ACTIVITIES (CONT'D)

Related Party Transaction, Recurrent Related Party Transactions and Conflict of Interest

At each quarterly meeting, the ARMC reviewed the related party transaction ("RPT") and/or recurrent related party transactions ("RRPTs") as well as the Conflict of Interest or potential conflict of interest situations that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.

The ARMC reviewed the RPT, RRPTs and conflict of interest situation presented by the Management before the Company entered such a transaction. The ARMC also ensured adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situations before entering the transaction.

Other Matters

In FYE 2026, the ARMC has reviewed the ARMC Report and Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities prior to submission to the Board of Directors for consideration and approval and inclusion in the Annual Report of the Company.

Internal Audit Function and Activities

The Group outsources its Internal Audit Function to a professional services firm namely Messrs Talent League Sdn Bhd. The Internal Auditors were engaged to conduct regular reviews and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Auditors report directly to the ARMC and the appointed Internal Auditors are given full access to all the documents relating to the Company's and Group's governance, financial statements and operational assessments.

The purpose of the Internal Audit function is to provide the Board, through the ARMC, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of the Internal Auditors are fully discharged, the ARMC reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the ARMC the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

The cost incurred for the internal audit function in respect of FYE 2026 was approximately RM22,000.00 and the fees were based on the scope of work carried out.

During FYE 2026, the activities carried out by the Internal Auditors in discharging its responsibilities on the audit planned for the year were as follows:

a. Risk-Based Internal Audit Review Report in relation to Credit Risk Management Report for Paragon Union Berhad and its subsidiaries, specifically for the commercial carpet business segment.

b. Risk-Based Internal Audit Review Report in relation to Revenue and Credit Risk Management Report for Metahub Industries Sdn Bhd.

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

For further details on the risk management and internal control, please refer to the Statement on Risk Management and Internal Control set out in this Annual Report.

CONCLUSION

The Board is satisfied with the ARMC's performance in accordance with the Terms of Reference set for the ARMC. There were no material misstatements, frauds, or deficiencies in the internal control systems not addressed by the Management.

The Audit and Risk Management Committee Report was approved by the Board of Directors on 23 October 2026.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. Utilisation of Proceeds Raised from Corporate Proposal

The Company had on 10 September 2025 entered into a conditional share sale Agreement ("SSA") with Oceancash Pacific Berhad to dispose 100% equity interest in Paragon Car Carpets & Components Sdn Bhd ("Disposal"), with an initial Purchase Consideration of RM13,420,238.56 and subject to final valuation of the Net Tangible Assets ("NTA").

A circular was issued on 17 October 2025 for shareholders' approval, and the said Disposal was approved at the Extraordinary General Meeting held on 28 November 2025. The Disposal was completed on 3 September 2026, and the Company received the total consideration of RM19,423,290.36 based on the final NTA.

The status of the utilisation of proceeds derived from the Disposal is as follows:-

Details of utilisation	Proposed utilisation as in Circular (RM'000)	Estimated timeframe for utilisation	Actual proceeds received (RM'000)	Actual utilisation as at 30 September 2026 (RM'000)	Balance Utilisation (RM'000)
General working capital	11,920	Within 12 months	17,923	15,423	2,500
Estimated expenses for the Disposal	1,500	Within 3 months	1,500	1,500	-
TOTAL	**13,420**		**19,423**	**16,923**	**2,500**

2. Audit and Non-audit fees

The amount of audit and non-audit fees paid or payable to the external auditors and firms affiliated to the external auditors by the Company and the Group respectively for FYE 2026 were as follows:

	Company (RM)	Group (RM)
Audit fees	99,000	334,000
Non-Audit fees	8,000	34,000

3. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries that involve Directors' or substantial shareholders' interests either still subsisting at the end of FYE 2026 or entered since the end of the previous financial year.

4. Contracts relating to loan

During FYE 2026, the Company did not enter into any contracts relating to loans involving its Directors and major shareholders.

5. Share Buy-back

There was no share buy-back by the Company during FYE 2026.

6. Recurrent Related Party Transactions

At the Thirty-First Annual General Meeting of the Company held on 28 November 2025, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading nature with related parties.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, the details of RRPTs conducted during FYE 2026 pursuant to the shareholders' mandate are set out below:-

Related Party	Contracting Party	Nature of transactions	Amount RM'000
Technovate Trading Sdn Bhd	Metahub Industries Sdn Bhd	Purchase of metal and related materials (mainly carbon block) by Metahub Industries from Technovate Trading	12,700
KYH Recycle Industries Sdn Bhd	Metahub Industries Sdn Bhd	Purchase of metal and related materials (mainly aluminium) and treatment of waste material by Metahub Industries from KYH Recycle Industries	1,512
KYH Trading Sdn Bhd	Metahub Industries Sdn Bhd	Purchase of metal and related materials (mainly carbon block) by Metahub Industries from KYH Trading	2,599
		TOTAL	**16,811**

There were no RRPTs exceeding the estimated value disclosed in the Circular to Shareholders dated 31 October 2025.

Besides, the Company is seeking approval from the shareholders for the proposed renewal of the shareholders' mandate for the Company to enter RRPT(s) of a revenue or trading nature pursuant to Paragraph 10.09 of the MMLR of Bursa Securities at the forthcoming 32nd Annual General Meeting to be convened on Friday, 27 November 2026. The details are enclosed in the circular dated 30 October 2026.

7. Long-Term Incentive Scheme

On 7 October 2022 and 13 October 2022, the Board announced the proposed establishment of a Long-Term Incentive Scheme ("LTIS") of up to 15% of the total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the scheme, comprising a share option scheme and a share grant scheme, for eligible employees, executive directors and non-executive directors of the Company and its non-dormant subsidiaries. The shareholders' approval was obtained at the Extraordinary General Meeting held on 6 January 2023. The LTIS scheme took effect on 20 April 2023 following the submission of the By-Laws to Bursa Malaysia Securities Berhad.

During FYE 2026, the Company has not granted the share option scheme and/or the share grant scheme to employees and directors of the Company and its non-dormant subsidiaries.

8. Disclosure of financial data for Shariah Screening

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

(A) Group Total Income and Total Assets

Total Income	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Revenue *		126,732	111,139
Other income *		347	3,622
Finance income		67	10
Share of profit in Joint Venture		12	-
Total		127,158	114,771
Total Assets		217,105	198,709

* For comparative purposes, the revenue and other income include the results of the discontinued oprerations.

ADDITIONAL COMPLIANCE INFORMATION

8. Disclosure of financial data for Shariah Screening

(B) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Insurance compensation		13	250
Interest income		67	-
Total		**80**	**250**

(C) Component of Financial Position

(i) Cash Component

Islamic Account / Instruments	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Cash at bank (exclude cash in hand)		2,284	2,388
Total		**2,284**	**2,388**

Conventional Account / Instruments	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Assets classified as held for sale: Cash equivalents and fixed deposit (exclude cash in hand)		8,267	-
Cash at bank (exclude cash in hand)		3,223	4,459
Total		**11,490**	**4,459**

(ii) Debt component

Islamic Financing	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Current			
Bill payables		283	481
Bank borrowing		946	1,114
Total		**1,229**	**1,595**

Conventional financing	Remarks	Group	
		FYE 2026 RM'000	18M – FPE 2025 RM'000
Current			
Bill payables		1,210	2,305
Bank borrowing		-	5,496
Hire-purchase payable		298	1,245
Secured term loan		243	234
Liabilities classified as held for sale: loan, borrowing and hire purchase payables		7,141	-
Non-Current			
Hire-purchase payable		730	4,134
Secured term loan		4,403	4,646
Total		**14,025**	**18,060**

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR PREPARING THE FINANCIAL STATEMENTS

In accordance with the Companies Act 2016, the Directors are obliged to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The primary aim of the Directors is to present a balanced and understandable assessment of the Group's position and prospects through its annual financial statements and quarterly financial results to its shareholders. In presenting the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results were reviewed by the Audit and Risk Management Committee and approved by the Board of Directors before their release to Bursa Malaysia Securities Berhad.

The Directors of the Company are required to ensure that the financial statements for each financial year are properly drawn up in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards in Malaysia as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for that period.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records and other records which are disclosed with reasonable accuracy at any time the financial position of the Group and the Company.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2026, the Group had used appropriate accounting policies and applied them consistently, prudently and reasonably. The Directors also ensure that all applicable approved accounting standards are adhered to in the preparation of the financial statements.

In addition, the Directors are responsible for taking reasonable steps to safeguard the assets of the Company and the Group, to detect and prevent fraud and other irregularities.

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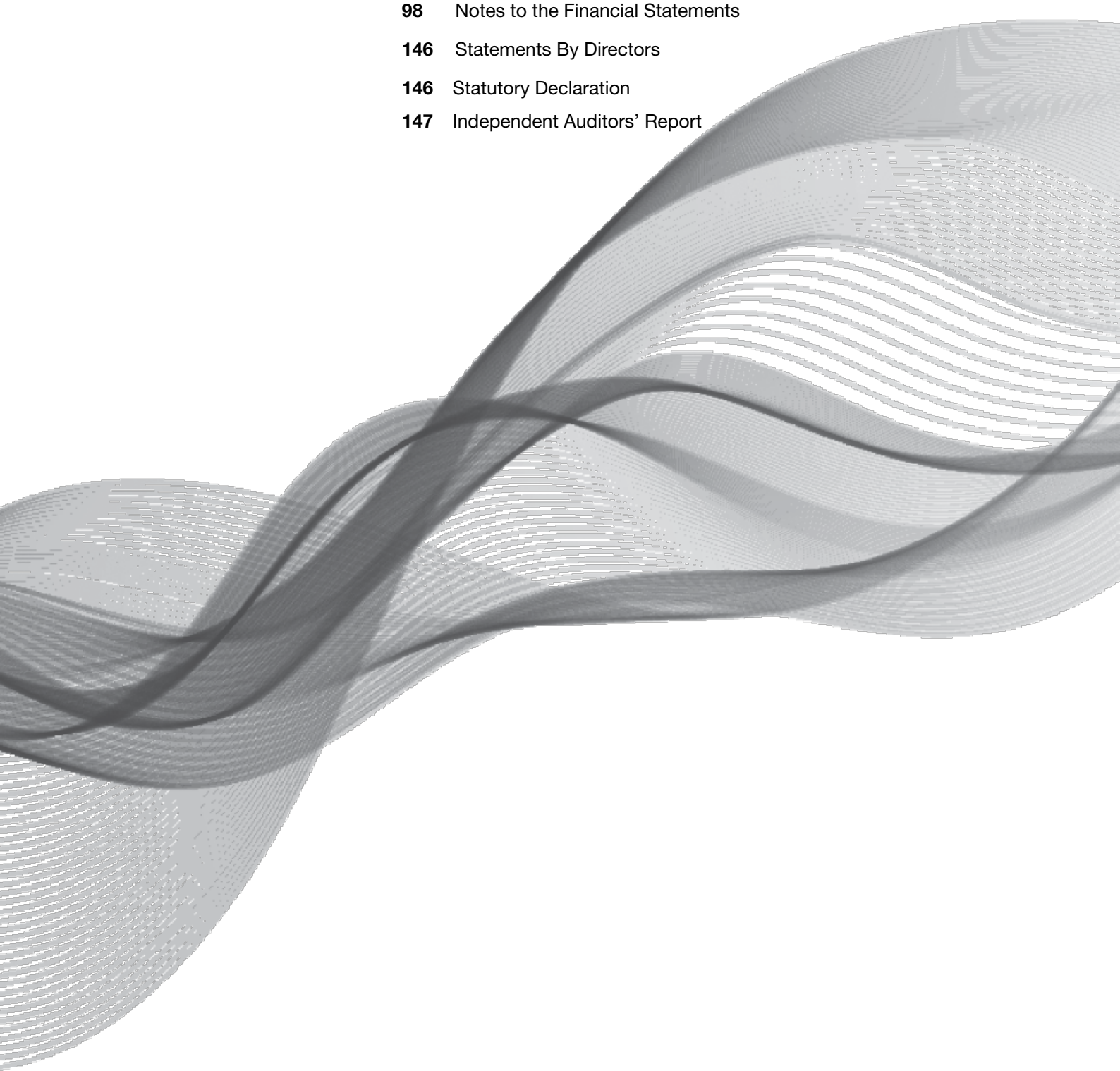
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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries include manufacturing, distribution and trading in car carpets, commercial carpets and automotive components, recycling and related activities.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax		
- Continuing operations	7,631	16,428
- Discountinued operation	(76)	-
	7,555	16,428
Attributable to:		
Owners of the Company	2,279	16,428
Non-controlling interests	5,276	-
	7,555	16,428

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2026.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

DIRECTORS' REPORT

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM342,000 and RM107,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Koon Hoi Chun *
Wong Ee-Coln *
Tan Vei Teck
Koh Huey Min
Teo Siang Ly
Koon Hon Hoong

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Ung Yoke Hong
Yee Kwong Yik

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1 July 2025	Bought	Sold	At 30 June 2026
Interests in the Company				
Direct interests:				
Koon Hoi Chun	2,003,200	-	-	2,003,200
Wong Ee-Coln	300,000	-	(50,000)	250,000
Koon Hon Hoong	-	3,869,000	-	3,869,000
Indirect interests:				
Koon Hoi Chun*	53,810,303	-	-	53,810,303
Koon Hon Hoong*	13,830,509	-	-	13,830,509

* Deemed interest by virtue of Section 8(4) of the Companies Act 2016 in Malaysia.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONTINUED)

The directors' benefits of the Group and the Company were as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive directors		
- Other emoluments	2,232	-
- Benefits-in-kind	15	-
	2,247	-
Non-executive directors		
- Fees	209	209
- Other emoluments	14	14
	223	223
	2,470	223

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM5,000,000 and RM17,603 respectively.

SUBSIDIARIES

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

Name of company	Principle place of business/ Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %	Principal activities
Paragon Car Carpets & Components Sdn. Bhd. (Discontinued operation)	Malaysia	100	100	Manufacturing and trading in automotive carpets and components
Paragon Metal Sdn. Bhd.	Malaysia	100	100	Investment and reycling business
Paragon Carpet Art Sdn. Bhd.	Malaysia	100	100	Manufacturing of hand tufted carpet
Paragon Carpetmaker Sdn. Bhd.	Malaysia	100	-	Manufacturing of automotive and commercial carpets
Subsidiary of Paragon Car Carpets & Components Sdn. Bhd.				
Paragon Carpetmaker Sdn. Bhd.	Malaysia	-	100	Manufacturing of automotive and commercial carpets
Subsidiary of Paragon Carpetmaker Sdn. Bhd.				
Paragon Carpet Distributor Sdn. Bhd.	Malaysia	100	100	Distributing and trading of commercial carpets
Subsidiary of Paragon Metal Sdn. Bhd.				
Metahub Industries Sdn. Bhd.	Malaysia	51	51	Recovery and reprocessing of precious metals from production waste and electronic scrap, industrial waste water treatment and trading of scrap materials

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATION

Other than as disclosed elsewhere in this report, the Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 10 September 2025, the Company has entered into a conditional share sale agreement with Oceancash Pacific Berhad for the proposed disposal of 22,750,000 shares in a wholly-owned subsidiary, Paragon Car Carpets & Components Sdn. Bhd. ("PCCC"), representing 100% equity interest for an indicative disposal consideration of RM13.42 million to be adjusted in accordance with the terms of the agreement, and to be satisfied entirely via cash. The proposed disposal was subsequently approved by shareholders at the Extraordinary General Meeting held on 28 November 2025.

Prior to completion of the proposed disposal, PCCC undertook a restructuring exercise which included:

- the disposal of its industrial property at H.S.(M) 4050 PT7637, Cheras Jaya to a wholly-owned subsidiary, Paragon Metal Sdn. Bhd. for RM26 million pursuant to a Sale and Purchase Agreement dated 17 March 2026, with the legal ownership transferred on 19 June 2026; and
- the disposal of its entire equity interest in Paragon Carpetmaker Sdn. Bhd., comprising 10.5 million shares to the Company for a consideration of RM15.56 million pursuant to a Share Sale Agreement dated 15 January 2026.

On 22 July 2026, the conditions precedent in respect of the proposed disposal were fulfilled. Following the restructuring exercise, the remaining assets and liabilities of PCCC constituted the disposal group to be sold to Oceancash Pacific Berhad.

The disposal of PCCC was completed on 3 September 2026.

ULTIMATE HOLDING COMPANY

The directors regard AKK Capital Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

…….....
KOON HOI CHUN
Director

…….....
WONG EE-COLN
Director

Date: 23 October 2026

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	117,655	133,732	-	-
Investment properties	6	3,500	-	10,500	10,500
Goodwill	7	18,307	18,307	-	-
Investment in subsidiaries	8	-	-	127,594	97,678
Investment in a joint venture	9	312	-	-	-
Total non-current assets		139,774	152,039	138,094	108,178
Current assets					
Inventories	10	24,154	24,837	-	-
Current tax assets		100	187	-	-
Trade and other receivables	11	10,470	14,384	3,887	66
Contract assets	12	1,230	383	-	-
Cash and bank balances	13	5,525	6,879	17	6
		41,479	46,670	3,904	72
Assets of a disposal group classified as held for sale	14	35,852	-	-	-
Total current assets		77,331	46,670	3,904	72
TOTAL ASSETS		217,105	198,709	141,998	108,250
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	15	129,333	129,333	129,333	129,333
Other reserves	16	33,001	32,308	-	-
Accumulated losses		(40,885)	(43,164)	(5,387)	(21,815)
		121,449	118,477	123,946	107,518
Non-controlling interests		31,471	26,056	-	-
TOTAL EQUITY		152,920	144,533	123,946	107,518
Non-current liabilities					
Loans and borrowings	17	5,210	9,148	-	-
Deferred tax liabilities	18	16,289	17,305	149	149
Total non-current liabilities		21,499	26,453	149	149
Current liabilities					
Loans and borrowings	17	3,370	11,312	-	-
Current tax liabilities		1,601	354	-	-
Trade and other payables	19	15,191	16,043	17,903	583
Contract liabilities	12	270	14	-	-
		20,432	27,723	17,903	583
Liabilities of a disposal group classified as held for sale	14	22,254	-	-	-
Total current liabilities		42,686	27,723	17,903	583
TOTAL LIABILITIES		64,185	54,176	18,052	732
TOTAL EQUITY AND LIABILITIES		217,105	198,709	141,998	108,250

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group		Company	
		1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Revenue	20	83,877	45,147	18,182	327
Cost of sales		(57,660)	(33,950)	-	-
Gross profit		26,217	11,197	18,182	327
Other income	21	60	977	-	26
Distribution expenses		(3,369)	(4,137)	-	-
Administrative expenses		(10,836)	(10,053)	(1,754)	(1,771)
Net impairment losses of financial instruments		(210)	(25)	-	-
Operating profit/(loss)		11,862	(2,041)	16,428	(1,418)
Finance income	22	26	10	-	3
Finance costs	23	(457)	(603)	-	-
		(431)	(593)	-	3
Share of result of a joint venture, net of tax		12	-	-	-
Profit/(Loss) before tax	24	11,443	(2,634)	16,428	(1,415)
Income tax expense	26	(3,812)	(1,712)	-	-
Profit/(Loss) for the financial year/period from continued operations		7,631	(4,346)	16,428	(1,415)
Loss for the financial year/period from discontinued operation, net of tax		(76)	(394)	-	-
Profit/(Loss) for the financial year/period		7,555	(4,740)	16,428	(1,415)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property,plant and equipment		832	4,298	-	-
Total comprehensive income/(loss) for the financial year/period		8,387	(442)	16,428	(1,415)
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		2,355	(5,303)	16,428	(1,415)
- From discontinued operation		(76)	(394)	-	-
		2,279	(5,697)	16,428	(1,415)
Non-controlling interests		5,276	957	-	-
		7,555	(4,740)	16,428	(1,415)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group 1.7.2025 to 30.6.2026 (12 months) RM'000	Group 1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	Company 1.7.2025 to 30.6.2026 (12 months) RM'000	Company 1.1.2024 to 30.6.2025 (18 months) RM'000
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- From continuing operations		3,048	(4,941)	16,428	(1,415)
- From discontinued operation		(76)	3,542	-	-
		2,972	(1,399)	16,428	(1,415)
Non-controlling interests		5,415	957	-	-
		8,387	(442)	16,428	(1,415)
Basic earnings/(loss) per share (sen):					
- From continuing operations		2.33	(5.92)		
- From discontinued operation		(0.08)	(0.44)		
	27	2.25	(6.36)		
Diluted earnings/(loss) per share (sen):					
- From continuing operations		2.33	(5.92)		
- From discontinued operations		(0.08)	(0.44)		
	27	2.25	(6.36)		

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	<---- Attributable to owners of the Company -----> Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group							
At 1 July 2025		129,333	32,308	(43,164)	118,477	26,056	144,533
Total comprehensive income for the financial year							
Profit for the financial year		-	-	2,279	2,279	5,276	7,555
Revaluation of property, plant and equipment		-	693	-	693	139	832
Total comprehensive income		-	693	2,279	2,972	5,415	8,387
At 30 June 2026		129,333	33,001	(40,885)	121,449	31,471	152,920
At 1 January 2024		84,902	28,010	(37,467)	75,445	-	75,445
Total comprehensive income for the financial year							
Loss for the financial period		-	-	(5,697)	(5,697)	957	(4,740)
Revaluation of property, plant and equipment		-	4,298	-	4,298	-	4,298
Total comprehensive loss		-	4,298	(5,697)	(1,399)	957	(442)
Transaction with owners							
Acquisition of a subsidiary, representing total transaction with owners	8, 15	44,431	-	-	44,431	25,099	69,530
At 30 June 2025		129,333	32,308	(43,164)	118,477	26,056	144,533

	Note	Attributable to owners of the Company Share capital RM'000	Accumulated losses RM'000	Total RM'000
Company				
At 1 January 2024		84,902	(20,400)	64,502
Total comprehensive loss for the financial period				
Loss for the financial period, representing total comprehensive loss		-	(1,415)	(1,415)
Transaction with owners				
Acquisition of a subsidiary, representing total transaction with owners	15	44,431	-	44,431
At 30 June 2025		129,333	(21,815)	107,518
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		-	16,428	16,428
At 30 June 2026		129,333	(5,387)	123,946

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group 1.7.2025 to 30.6.2026 (12 months) RM'000	Group 1.1.2024 to 30.6.2025 (18 months) RM'000	Company 1.7.2025 to 30.6.2026 (12 months) RM'000	Company 1.1.2024 to 30.6.2025 (18 months) RM'000
Cash flows from operating activities					
Profit/(Loss) before tax:					
- Continuing operations		11,443	(2,634)	16,428	(1,415)
- Discontinued operation		27	(394)	-	-
		11,470	(3,028)	16,428	(1,415)
Adjustments for:					
Depreciation of property, plant and equipment	5	4,149	4,378	-	-
Finance costs	23	1,253	1,532	-	-
Finance income	22	(67)	(10)	-	(3)
Gain on deregistration of subsidiaries	8	-	(439)	-	-
Impairment loss on investment in a subsidiary	8	-	-	500	-
Inventories written down		453	152	-	-
Inventories written off		43	-	-	-
Net gain on disposal of property, plant and equipment		(17)	(81)	-	-
Net impairment losses on trade receivables		410	25	-	-
Net unrealised foreign exchange loss		526	527	-	-
Property, plant and equipment written off		-	247	-	-
Reversal of inventories written down		(30)	-	-	-
Share of results of a joint venture, net of tax	9	(12)	-	-	-
Waiver of other payables		-	(23)	-	-
Operating profit/(loss) before changes in working capital		18,178	3,280	16,928	(1,418)
Changes in working capital:					
Inventories		(6,753)	(2,764)	-	-
Contract assets/liabilities		(592)	(368)	-	-
Trade and other receivables		(3,411)	3,246	-	(7)
Trade and other payables		14,257	266	1,508	64
Cash generated from/(used in) operations		21,679	3,660	18,436	(1,361)
Interest received		67	10	-	3
Net income tax paid		(3,860)	(293)	-	-
Net cash from/(used in) operating activities		17,886	3,377	18,436	(1,358)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group 1.7.2025 to 30.6.2026 (12 months) RM'000	Group 1.1.2024 to 30.6.2025 (18 months) RM'000	Company 1.7.2025 to 30.6.2026 (12 months) RM'000	Company 1.1.2024 to 30.6.2025 (18 months) RM'000
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired	8	-	1,897	-	(400)
Advances to subsidiaries		-	-	(3,821)	(215)
Change in pledged deposits		-	3,300	-	-
Investment in a joint venture		(300)	-	-	-
Placement of pledged deposit		(8,000)	-	-	-
Proceeds from disposal of property, plant and equipment		58	94	-	-
Purchase of property plant and equipment	13(ii)	(3,230)	(2,678)	-	-
(Quasi-investment)/Collection of quasi-investment		-	-	(14,856)	1,952
Net cash (used in)/from investing activities		(11,472)	2,613	(18,677)	1,337
Cash flows from financing activities	13(iii)				
Advances from subsidiaries		-	-	252	-
Net repayment of term loans		(234)	(605)	-	-
Net drawdown of letter of credits		493	433	-	-
Net repayment of hire purchases		(1,326)	(1,782)	-	-
Net payment of lease liabilities		(456)	(327)	-	-
Interest paid		(1,253)	(1,532)	-	-
Net cash (used in)/from financing activities		(2,776)	(3,813)	252	-
Net increase/(decrease) in cash and cash equivalents		3,638	2,177	11	(21)
Cash and cash equivalents at the beginning of the financial year/period		270	(1,436)	6	27
Effects of exchange rate changes on cash and cash equivalents		(492)	(471)	-	-
Cash and cash equivalents at the end of the financial year/period	13(i)	3,416	270	17	6

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Paragon Union Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at B-21-1, Level 21, Towel B, Northpoint Midvalley City, No.1, Medan Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya, Batu 11, 43200 Cheras, Selangor.

The directors regard AKK Capital Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company of the Company.

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are as disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 October 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRS

The Group and the Company have adopted the following applicable amendments to MFRS for the current financial period:

Amendments to MFRS	
MFRS 121	The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRSs and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for Financial periods beginning on or after
New MFRS		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 20	Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027[#]/
MFRS 128	Investments in Associates and Joint Ventures	Deferred

[#] Amendments to MFRS 128 shall apply when an entity first applies MFRS 18 *Presentation and Disclosure in Financial Statements.*

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs and amendments to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communicates about the entity's financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

2.3.2 The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRSs and amendments to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years/periods presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.1 Basis of consolidation (continued)

(c) Joint arrangements

The Group classifies its joint arrangements as disclosed in Note 9 as "joint venture" and accounts its interests using the equity method as the Group has rights to the net assets of the arrangements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial assets - subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

Financial liabilities at amortised cost

The Group and the Company subsequently measure financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment (other than right-of-use assets) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Factory buildings and building improvements are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount on the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Factory buildings and building improvements	50 years
Plant and machineries	6 - 30 years
Motor vehicles	5 years
Furniture, fittings and equipment	3 - 10 years
Electrical installation and renovation	10 - 30 years
Mould	1 - 15 years

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 17.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets (other than leasehold land that measures using revaluation model) are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

(b) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue.

3.6 Investment properties

Investment properties are measured at fair value with gains and losses arising from changes in the fair values of investment properties recognised in profit or loss for the period in which they arise.

3.7 Inventories

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

- raw materials for the carpets: purchase costs on a weighted average cost basis.
- consumables, finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.8 Revenue and other income

(a) Sale of goods - manufacturing

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the control of the goods have been transferred to the customer and recovery of the consideration is probable. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Revenue and other income (continued)

(b) Management fee

Management fees represent fees charged to subsidiary companies for assisting in the management of the subsidiary companies and these are recognised upon performance of services.

(c) Rendering of waste management services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(f) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.9 Deferred tax

When investment properties are carried at fair value in accordance with the material accounting policy information as disclosed in Note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement of complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 7.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Where such indication exists, the Group determines the recoverable amount using fair value less cost of disposal determined by the external independent valuer. Any resulting impairment loss could have a material adverse impact on the Group's financial position and result of operations.

The carrying amounts of the property, plant and equipment are disclosed in Note 5.

(c) Inventories

The costs of inventories comprise the cost of raw materials, direct labour, conversion costs such as variable and fixed overheads. The cost allocation to the work-in-progress and finished goods involves multiple inputs which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads are based on normal operating capacity.

Reviews are made periodically on inventories for cost allocation, obsolete and decline in net realisable value. These reviews require the use of judgement and estimate. Possible changes in these estimates may result in revision to the valuation of inventories.

The carrying amount of the Group's inventories are disclosed in Note 10.

(d) Impairment of investment in subsidiaries

The Company performs impairment review on the investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment in subsidiaries may not be recoverable in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test.

Loans that are part of net investment represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiaries. As these amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment loss, if any.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of investment in subsidiaries are disclosed in Note 8.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2026	<--- At valuation ---> Freehold land RM'000	Factory buildings and building improvements RM'000	<---------- At cost ----------> Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Electrical installation and renovation RM'000	Mould RM'000	Capital work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost/Valuation										
At 1 July 2025	23,000	50,615	40,504	1,495	10,201	10,883	5,324	123	34,118	176,263
Additions	-	1,371	818	879	183	43	778	-	118	4,190
Revaluation	-	(282)	-	-	-	-	-	-	100	(182)
Disposals	-	-	(47)	(90)	(7)	(8)	-	-	-	(152)
Reclassification	-	(4,200)	-	-	-	-	-	4,200	-	
Transfer to investment properties (Note 6)	-	(3,500)	-	-	-	-	-	-	-	(3,500)
Transfer to assets of a disposal group classified held for sale (Note 14)	-	-	(13,812)	(182)	(7,783)	(859)	(6,102)	-	-	(28,738)
At 30 June 2026	23,000	44,004	27,463	2,102	2,594	10,059	-	123	38,536	147,881
Accumulated depreciation										
At 1 July 2025	-	406	22,487	1,246	9,378	8,196	122	-	696	42,531
Depreciation charge for the financial year	-	672	1,855	179	195	155	241	-	852	4,149
Revaluation	-	(858)	-	-	-	-	-	-	(420)	(1,278)
Disposals	-	-	(6)	(90)	(7)	(8)	-	-	-	(111)
Transfer to assets of a disposal group classified held for sale (Note 14)	-	-	(6,825)	(128)	(7,601)	(148)	(363)	-	-	(15,065)
At 30 June 2026	-	220	17,511	1,207	1,965	8,195	-	-	1,128	30,226
Carrying amount										
At 30 June 2026	23,000	43,784	9,952	895	629	**1,864**	**-**	**123**	**37,408**	**117,655**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2025	Freehold land RM'000	Factory buildings and building improvements RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Electrical installation and renovation RM'000	Mould RM'000	Capital work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
	<--- At valuation --->		<---------- At cost ----------							
Cost/Valuation										
At 1 January 2024	-	31,400	22,010	217	8,811	7,889	527	-	34,780	105,634
Acquisition of a subsidiary (Note 8)	23,000	19,000	12,034	1,249	329	2,687	-	4,509	86	62,894
Additions	-	15	2,567	33	1,114	19	5,048	50	1,132	9,978
Revaluation	-	200	-	-	-	-	-	-	(200)	-
Disposals	-	-	(474)	(4)	(53)	-	-	-	-	(531)
Written off	-	-	(1,461)	-	-	-	(251)	-	-	(1,712)
Reclassification	-	-	5,828	-	-	288	-	(4,436)	(1,680)	-
At 30 June 2025	23,000	50,615	40,504	1,495	10,201	10,883	5,324	123	34,118	176,263
Accumulated depreciation										
At 1 January 2024	-	-	16,238	196	8,742	5,850	28	-	201	31,255
Acquisition of a subsidiary (Note 8)	-	-	6,361	989	265	2,179	-	-	14	9,808
Depreciation charge for the financial period	-	824	1,506	64	424	167	118	-	1,275	4,378
Revaluation	-	(418)	-	-	-	-	-	-	(509)	(927)
Disposals	-	-	(462)	(3)	(53)	-	-	-	-	(518)
Written off	-	-	(1,441)	-	-	-	(24)	-	-	(1,465)
Reclassification	-	-	285	-	-	-	-	-	(285)	-
At 30 June 2025	-	406	22,487	1,246	9,378	8,196	122	-	696	42,531
Carrying amount										
At 30 June 2025	23,000	50,209	18,017	249	823	2,687	5,202	123	33,422	133,732

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Leasehold land and buildings with carrying amount of RM18,000,000 and RM10,000,000 (2025: RM32,643,000 and RM20,889,000) has been pledged as security to secure banking facilities granted to the Group as disclosed in Note 17.

Plant and machineries and mould with carrying amount of RM1,342,000 and RM Nil (2025: RM4,608,000 and RM3,306,000) respectively have been pledged as security for hire purchase arrangements as disclosed in Note 17(c).

(b) Right-of-use assets

The Group leases several assets including leasehold lands, leasehold buildings and plant and machineries.

Information about leases for which the Group is lessee are presented below:

	At valuation	<----------At cost---------->		
	Leasehold lands	Leasehold buildings	Plant and machineries	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Carrying amount				
At 1 January 2024	33,100	-	1,479	34,579
Acquisition of a subsidiary	-	-	72	72
Additions	-	1,064	68	1,132
Revaluation	309	-	-	309
Depreciation	(766)	(384)	(125)	(1,275)
Reclassification	-	-	(1,395)	(1,395)
At 30 June 2025	32,643	680	99	33,422
Additions	-	-	118	118
Reclassification	4,200	-	-	4,200
Revaluation	520	-	-	520
Depreciation	(397)	(355)	(100)	(852)
At 30 June 2026	36,966	325	117	37,408

The Group leases lands for their office space and operation site. The leases for leasehold lands generally have lease term of 62 years (2025: 63 years).

The Group also leases buildings and plant and machineries with lease terms from 2 to 5 years (2025: 2 to 3 years).

Extension options

The Group has leases contract that includes extension options. This option is negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

The undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term are as follows:

	Within five years	More than five years	Total
	RM'000	**RM'000**	**RM'000**
Group			
Extension options expected not to be exercised	1,358	-	1,358

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Fair value information

The fair values of the freehold and leasehold lands, factory buildings and building improvements were categorised under level 3 and revalued using sales comparison approach based on valuation performed by independent firms of professional valuers. Sales prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable land and buildings.

Had the revalued freehold and leasehold lands, factory buildings and building improvements been carried at historical cost less accumulated depreciation, the net carrying amount of the freehold and leasehold lands, factory buildings and building improvements that would have been included in the financial statements of the Group are as follows:

	Group	
	2026	2025
	RM'000	RM'000
Freehold land, factory buildings and building improvements	41,436	41,819
Leasehold, factory buildings and building improvements	13,429	16,935
	54,865	58,754

6. INVESTMENT PROPERTIES

	Group		Company	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
At fair value				
At beginning of the financial year/period	-	-	10,500	10,500
Transfer from property, plant and equipment (Note 5)	3,500	-	-	-
At end of the finanical year/period	3,500	-	10,500	10,500

The Company's investment properties comprise a number of commercial properties that are leased to its subsidiaries and a third party. Each lease contains an initial non-cancellable period of 2 years with option to renew for subsequent 1 year. Subsequent renewals are negotiated with the lessee.

	Group		Company	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
Rental income	120	20	308	327
Direct operating expenses:				
- income generating investment	(46)	(5)	(138)	(78)

6. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair values of investment properties are categorised as follows:

	Group Level 3 RM'000	Company Level 3 RM'000
At 30 June 2026		
Buildings	1,400	4,200
Leasehold land	2,100	6,300
	3,500	10,500
At 30 June 2025		
Buildings	-	4,320
Leasehold land	-	6,180
	-	10,500

There are no Level 1 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2026 and financial period ended 30 June 2025.

7. GOODWILL

	Group RM'000
Carrying amount	
At beginnng/end of the financial year/period	18,307

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the recycling segments.

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period using a terminal value, with a zero growth rate assumed beyond the forecast period. The same method has also been used in the previous financial period.

The key assumptions for value-in-use calculation are:

(i) The weighted average growth rate using an estimated growth rate ranging from 8.25% to 10.12% (2025: 7.08% to 9.69%); and

(ii) The discount rate ranging from 10.36% to 16.61% (2025: 8.46% to 12.70%) applied to the cash flows projection is pre-tax and reflects management's estimate of the risk specific to the CGU at the date of assessment. Discount rate was estimated based on the industry weighted average cost of capital.

Based on the sensitivity analysis performed, management believes that there is no reasonable possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU significantly exceeds the carrying amount of the CGU. As a result of the analysis, management did not identify an impairment for this CGU.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2026 RM'000	2025 RM'000
Unquoted shares, at cost		
At beginning of the financial year/period	31,797	33,591
Additions	15,560	400
Deregistered	-	(2,000)
Adjustment	-	(194)
At end of the financial year/period	47,357	31,797
Less: Impairment loss	(500)	-
	46,857	31,797
Loans that are part of net investments	80,737	65,881
At end of the financial year/period	127,594	97,678

Loans that are part of net investments represent the amounts owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of company	Principle place of business/ Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %	Principal activities
Paragon Car Carpets & Components Sdn. Bhd. (Discontinued operation)	Malaysia	100	100	Manufacturing and trading in automotive carpets and components
Paragon Metal Sdn. Bhd.	Malaysia	100	100	Investment and reycling business
Paragon Carpet Art Sdn. Bhd.	Malaysia	100	100	Manufacturing of hand tufted carpet
Paragon Carpetmaker Sdn. Bhd.	Malaysia	100	-	Manufacturing of automotive and commercial carpets
Subsidiary of Paragon Car Carpets & Components Sdn. Bhd.				
Paragon Carpetmaker Sdn. Bhd.	Malaysia	-	100	Manufacturing of automotive and commercial carpets
Subsidiary of Paragon Carpetmaker Sdn. Bhd.				
Paragon Carpet Distributor Sdn. Bhd.	Malaysia	100	100	Distributing and trading of commercial carpets
Subsidiary of Paragon Metal Sdn. Bhd.				
Metahub Industries Sdn. Bhd.	Malaysia	51	51	Recovery and reprocessing of precious metals from production waste and electronic scrap, industrial waste water treatment and trading of scrap materials

(a) Changes in ownership interest

On 2 March 2026, the subsidiary of the Company, Paragon Car Carpets & Components Sdn. Bhd. has disposed of its entire equity interest in Paragon Carpetmaker Sdn. Bhd. for a total cash consideration of RM15,560,000 to the Company.

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Subscription of additional interests in a subsidiary

On 14 November 2024, the Company subscribed an additional 400,000 ordinary shares at the price of RM1.00 each in the share capital of a subsidiary, Paragon Carpet Art Sdn. Bhd.

(c) Deregistration of subsidiaries

Paragon Expression Sdn. Bhd.

On 5 May 2025, the subsidiary of the Company, Paragon Expression Sdn. Bhd. had been struck-off with Register of Companies Commission of Malaysia.

Paragon Property Development Sdn. Bhd.

On 22 May 2025, the subsidiary of the Company, Paragon Property Development Sdn. Bhd. had been struck-off with Register of Companies Commission of Malaysia.

(d) Acquisition of Metahub Industries Sdn. Bhd.

On 30 December 2024, a wholly owned subsidiary of the Company, Paragon Metal Sdn. Bhd., acquired 51% controlling interest in the equity shares of Metahub Industries Sdn. Bhd. for a purchase consideration of RM44.43 million, satisfied wholly via issuance of 17,288,136 shares of the Company at the issue price of RM2.57 per consideration share.

(i) Fair value of the identifiable assets acquired and liabilities recognised:

	2025 RM'000
Assets	
Property, plant and equipment (Note 5)	53,086
Inventories	5,215
Current tax asset	384
Trade and other receivables	5,389
Cash and bank balances	1,897
Total assets	**65,971**
Liabilities	
Loans and borrowings	(322)
Deferred tax liabilities (Note 18)	(7,507)
Trade and other payables	(6,919)
Total liabilities	**(14,748)**
Total identifiable net assets acquired	51,223
Goodwill arising on acquisition (Note 7)	18,307
Non-controlling interest at proportionate share of the subsidiary's identifiable net assets	(25,099)
Fair value of consideration transferred	**44,431**

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of Metahub Industries Sdn. Bhd. (continued)

(ii) Effects of acquisition on cash flows:

	2025 RM'000
Fair value of consideration transferred	44,431
Less: Non-cash consideration	(44,431)
Consideration paid in cash	-
Less: Cash and bank balances of a subsidiary acquired	(1,897)
Net cash inflows on acquisition	**(1,897)**

(iii) Effects of acquisition in statements of comprehensive income:

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2025 RM'000
Revenue	19,794
Profit for the financial period	1,954

If the acquisition had occurred on 1 January 2024, the consolidated results for the financial period ended 30 June 2025 would have been as follows:

	2025 RM'000
Revenue	116,047
Loss for the financial period	(2,808)

(e) Non-controlling interests ("NCI") in subsidiary

The financial information of the Group's and the Company's subsidiary that has material non-controlling interests are as follows:

	Metahub Industries Sdn. Bhd. RM'000
30 June 2026	
Equity interest held by NCI	49%
Carrying amount of NCI	31,471
Profit allocated to NCI	5,276
30 June 2025	
Equity interest held by NCI	49%
Carrying amount of NCI	26,056
Profit allocated to NCI	957

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that has material non-controlling interests as follows:

	Metahub Industries Sdn. Bhd. RM'000
Summarised statement of financial position	
As at 30 June 2026	
Non-current assets	52,018
Current assets	33,525
Non-current liabilities	(9,902)
Current liabilities	(11,414)
Net assets	64,227
Summarised statement of comprehensive income	
Financial year ended 30 June 2026	
Revenue	62,049
Profit for the financial year	10,767
Total comprehensive income	11,051
Summarised cash flows information	
Financial year 30 June 2026	
Cash flows from operating activities	8,677
Cash flows used in investing activities	(8,800)
Cash flows used in financing activities	(166)
Net increase in cash and cash equivalents	(289)
Summarised statement of financial position	
As at 30 June 2025	
Non-current assets	52,503
Current assets	16,845
Non-current liabilities	(8,385)
Current liabilities	(7,787)
Net assets	53,176
Summarised statement of comprehensive income	
Financial period ended 30 June 2025	
Revenue	19,794
Profit for the financial period	1,954
Total comprehensive income	1,954
Summarised cash flows information	
Financial period ended 30 June 2025	
Cash flows from operating activities	8,790
Cash flows used in investing activities	(6,346)
Cash flows used in financing activities	(511)
Net increase in cash and cash equivalents	1,933

9. INVESTMENT IN A JOINT VENTURE

	Group	
	2026 RM'000	2025 RM'000
Shares at cost	300	-
Share of post-acquisition reserves	12	-
	312	-

Details of the joint venture are as follows:

Name of company	Principle place of business/ Country of incorporation	Ownership interest 2026 %	Ownership interest 2025 %	Principal activities
Paragon Asahi Seiren Sdn. Bhd.	Malaysia	60*	-	Provision of consultancy services in aluminium recycling and profit management

* Although the Group holds a 60% equity interest in Paragon Asahi Seiren Sdn. Bhd., the entity is classified as a joint venture as decisions regarding its relevant activities require the unanimous consent of the parties sharing control pursuant to the contractual arrangement. Accordingly, the investment is accounted for using the equity method, based on the Group's 60% interest.

Summarised financial information of a material joint venture

The following table illustrates the summarised financial information of Paragon Asahi Seiren Sdn. Bhd. ("PAS"), adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in PAS:

	2026 RM'000
Assets and liabilties:	
As at 30 June 2026	
Current assets	827
Current liabilities	(307)
Net assets	520
Reconciliation of net assets to carrying amount:	
Share of the net assets at the acquisition date	300
Share of post-acquisition profits	12
Carrying amount in the statements of financial position	312
Results:	
Profit for the financial year, representing total comprehensive income	20
Included in total comprehensive income is:	
Revenue	308
Income tax expense	18
Group's share of result:	
Group's share of profit, representing Group's share of total comprehensive income	12

10. INVENTORIES

	Group	
	2026 RM'000	2025 RM'000
At lower of cost and net realisable value		
Raw materials	10,944	10,673
Consumables	166	177
Recyclable goods	1,331	904
Work-in-progress	1,585	1,497
Finished goods	10,128	11,586
	24,154	24,837

(a) The cost of inventories of the Group recognised as an expense in cost of sales was RM47,581,000 (2025: RM142,928,000) during the financial year.

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM237,000 (2025: RM152,000).

(c) The reversal of inventories written down of the Group was RM30,000 (2025: Nil).

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Trade					
Third parties	(a)	7,375	12,747	-	-
Accrued billings	(b)	63	-	-	-
Less: Impairment losses	(a)	(262)	(52)	-	-
		7,176	12,695	-	-
Non-trade					
Advances to suppliers		2,574	261	-	-
Other receivables		41	436	-	-
Amount owing by a joint venture	(c)	92	-	-	-
Amounts owing by subsidiaries	(c)	-	-	3,821	-
Deposits		576	660	46	47
Prepayments		174	495	20	19
Less: Impairment losses for other receivables	(d)	(163)	(163)	-	-
		3,294	1,689	3,887	66
Total trade and other receivables		10,470	14,384	3,887	66

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from Cash on delivery to 90 days (2025: 7 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2026 RM'000	2025 RM'000
At beginning of the financial year/period	52	27
Charge for the financial year/period		
- Individually assessed	235	25
Reversal of impairment losses	(25)	-
At end of the financial year/period	262	52

The information about the credit exposures are disclosed in Note 28(b)(i).

(b) Accrued billings represent the Company's unconditional rights to consideration for the services performed but yet to be billed. The amount is transferred to receivables when the Company issues billings to the customers. Typically, the amount will be billed within 10 days.

(c) Amounts owing by a joint venture and subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

(d) Other receivables

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group	
	2026 RM'000	2025 RM'000
At beginning of the financial year/period	163	50
Acquisition of a subsidiary	-	163
Written off	-	(50)
At end of the financial year/period	163	163

12. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Contract assets				
Contract assets relating to contracts	1,230	383	-	-
Contract liabilities				
Contract liabilities relating to contracts	(270)	(14)	-	-

12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	2026		2025	
	Contracts assets increase/ (decrease) RM'000	Contracts liabilities (increase)/ decrease RM'000	Contracts assets increase/ (decrease) RM'000	Contracts liabilities (increase)/ decrease RM'000
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year/period	-	12	-	-
Increase due to revenue recognised for unbilled goods or services transferred to customers	1,882	-	383	-
Increase due to consideration received from customers, but revenue not recognised	-	(268)	-	(14)
Increase as a result of changes in the measure of progress	(703)	-	-	-
Transfer from contract assets recognised at the beginning of the year/period to receivables	(332)	-	-	-

(b) Contract assets

The contract assets represent the Group's rights to consideration for the work completed for contracts but yet to be billed. Contract assets are transferred to receivables when the Group issues invoice to the customers. Typically, the amount will be billed in the manner as established in the contracts with customers and payment is expected to be received based on agreed credit terms.

(c) Contract liabilities

The contract liabilities represent consideration received for contracts for which performance obligations have not been satisfied. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

(d) Revenue recognised in relation to contract balances

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year/ period	12	-

Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period represented primarily revenue from the contracts when percentage of completion increases.

13. CASH AND SHORT-TERM DEPOSITS

(i) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Continuing operations					
Cash and bank balances		5,525	6,879	17	6
Less: Bank overdrafts (Note 17)		(946)	(6,609)	-	-
		4,579	270	17	6
Discontinued operation (Note 14)					
Cash and bank balances		284	-	-	-
Deposits placed with licensed banks	(a)	8,000	-	-	-
	14(a)	8,284	-	-	-
Less: Bank overdraft	14(a)	(1,447)	-	-	-
		11,416	270	17	6
Less: Deposits with maturity more than 3 months		(8,000)	-	-	-
Cash and cash equivalents as reported in the statements of cash flows		3,416	270	17	6

(a) The deposits placed with licensed banks of the Group earned interest at a rate of 2.05% (2025: Nil) per annum.

(ii) During the financial year/period, the Group made the following cash payments to purchase property, plant and equipment.

	Group 2026 RM'000	Group 2025 RM'000
Puchase of property, plant and equipment	4,190	9,978
Financed by way of hire purchase arrangements	(842)	(6,168)
Financed by way of lease arrangements	(118)	(1,132)
Cash payments on purchase of property, plant and equipment	3,230	2,678

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows:

	At beginning of the financial period/year RM'000	Cash flows RM'000	Non-cash Others RM'000	At end of the financial period/year RM'000
Group				
At 30 June 2026				
Letter of credits	2,787	493	(1,787)	1,493
Term loans	4,880	(234)	-	4,646
Hire purchase payables	5,379	(1,326)	(3,025)	1,028
Lease liabilities	805	(456)	118	467
	13,851	(1,523)	(4,694)	7,634

13. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(iii) Reconciliation of changes in liabilities arising from financing activities are as follows (continued) :

	At beginning of the financial period/year RM'000	Cash flows RM'000	Non-cash Others RM'000	At end of the financial period/year RM'000
At 30 June 2025				
Letter of credits	2,354	433	-	2,787
Term loans	5,204	(605)	281	4,880
Hire purchase payables	920	(1,782)	6,241	5,379
Lease liabilities	-	(327)	1,132	805
	8,478	(2,281)	7,654	13,851

(iv) Total cash outflows for leases:

During the financial year, the Group had total cash outflows for leases of RM959,000 (2025: RM790,000).

14. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Assets/(Liabilities) of a disposal group classified as held for sale

	2026 RM'000
Assets of a disposal group classified as held for sale	
Property, plant and equipment (Note 5)*	13,673
Inventories	6,970
Trade and other receivables	6,925
Cash and short-term deposits (Note 13)	8,284
	35,852
Liabilities of a disposal group classified as held for sale	
Letter of credits	1,827
Hire purchase payables	3,867
Bank overdraft (Note 13)	1,447
Trade and other payables	15,113
	22,254

* Plant and machineries and mould with carrying amount of RM2,329,533 and RM2,936,688 respectively have been pledged as security for hire purchase arrangement.

On 10 September 2025, the Company has entered into a conditional share sale agreement with Oceancash Pacific Berhad for the proposed disposal of 22,750,000 shares in a wholly-owned subsidiary, Paragon Car Carpets & Components Sdn. Bhd. ("PCCC"), representing 100% equity interest for an indicative disposal consideration of RM13.42 million to be adjusted in accordance with the terms of the agreement, and to be satisfied entirely via cash. The proposed disposal was subsequently approved by shareholders at the Extraordinary General Meeting held on 28 November 2025.

Prior to completion of the proposed disposal, PCCC undertook a restructuring exercise which included:-

1. the disposal of its industrial property at H.S.(M) 4050 PT7637, Cheras Jaya to a wholly-owned subsidiary, Paragon Metal Sdn. Bhd. for RM26 million pursuant to a Sale and Purchase Agreement dated 17 March 2026, with the legal ownership transferred on 19 June 2026,
2. the disposal of its entire equity interest in Paragon Carpetmaker Sdn. Bhd., comprising 10.5 million shares to the Company for a consideration of RM15.56 million pursuant to a Share Sale Agreement dated 15 January 2026.

14. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

On 22 July 2026, the conditions precedent in respect of the proposed disposal were fulfilled. Following the restructuring exercise, the remaining assets and liabilities of PCCC constituted the disposal group to be sold to Oceancash Pacific Berhad.

The disposal of PCCC was completed on 3 September 2026.

(b) Discontinued operation

As disclosed in Note (a) above, the Group had discontinued its business in automotive segment on 28 November 2025. The segment was not a discontinued operation or classified as held for sale as at 30 June 2025 and the comparative statements of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(i) Analysis of the results of discontinued operation and the result recognised on the remeasurement of disposal group is as follows:

	Note	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Revenue	20	42,855	65,992
Cost of sales		(35,803)	(56,821)
Gross profit		7,052	9,171
Other income	21	287	2,645
Distribution expenses		(1,068)	(1,732)
Administrative expenses		(5,289)	(9,549)
Net impairment losses on financial assets		(200)	-
Operating profit		782	535
Finance income	22	41	-
Finance costs	23	(796)	(929)
Profit/(Loss) before tax of discontinued operation	24	27	(394)
Income tax expense	26	(103)	-
Loss for the financial year/period from discontinued operation, net of tax		(76)	(394)
Auditors' remuneration - statutory audit:			
- Baker Tilly Monteiro Heng PLT		75	113
Depreciation of property, plant and equipment		772	1,763
Expenses relating to:			
- leases of low value assets		-	205
- short-term lease		229	40
(Gain)/Loss on foreign exchange:			
- realised		(138)	(593)
- unrealised		40	(7)
Inventories written down		216	-
Inventories written off		43	-
Impairment losses on trade receivables		200	-
Gain on disposal of property, plant and equipment		(47)	(15)
Property, plant and equipment written off		-	247
Employee benefits expense		9,668	15,324

NOTES TO THE FINANCIAL STATEMENTS

14. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

(b) Discontinued operation (continued)

(ii) Cash flows from/(used in) discontinued operation:

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Net cash flows from operating activities	9,551	4,052
Net cash flows from/(used in) investing activities	23,407	(2,294)
Net cash flows used in financing activities	(2,856)	(5,873)

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2026 Unit'000	2025 Unit'000	2026 RM'000	2025 RM'000
Issued and fully paid (no par value):				
At beginning of the financial year/period	101,118	83,830	129,333	84,902
Acquisition of a subsidiary	-	17,288	-	44,431
At end of the financial year/period	101,118	101,118	129,333	129,333

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In the previous financial period, the Company issued 17,288,136 new ordinary shares at a price of RM2.57 per ordinary share as discharge of the purchase consideration for the acquisition of the 51% equity interest in Metahub Industries Sdn. Bhd. pursuant to a share sale and purchase agreement dated 27 May 2024.

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

16. OTHER RESERVES

		Group	
	Note	2026 RM'000	2025 RM'000
Merger reserve	(a)	(4,618)	(4,618)
Revaluation reserve	(b)	37,619	36,926
		33,001	32,308

(a) Merger reserve

The merger reserve is related to the subsidiaries which were consolidated under the merger method of accounting. The merger reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

16. OTHER RESERVES (CONTINUED)

(b) Revaluation reserve

The revaluation reserve relates to revaluation of property, plant and equipment, net of tax.

	Group	
	2026 RM'000	2025 RM'000
At beginning of the financial year/period	36,926	32,628
Revaluation of property, plant and equipment	1,095	927
Deferred tax relating to revaluation reserve	(263)	3,371
Transfer to non-controlling interests	(139)	-
At end of the financial year/period	37,619	36,926

17. LOANS AND BORROWINGS

	Note	Group 2026 RM'000	Group 2025 RM'000
Non-current:			
Term loans	(a)	4,403	4,646
Lease liabilities	(b)	77	368
Hire purchase payables	(c)	730	4,134
		5,210	9,148
Current:			
Term loans	(a)	243	234
Lease liabilities	(b)	390	437
Hire purchase payables	(c)	298	1,245
Letter of credits	(d)	1,493	2,787
Bank overdrafts (Note 13)	(e)	946	6,609
		3,370	11,312
Total loans and borrowings:			
Term loans	(a)	4,646	4,880
Lease liabilities	(b)	467	805
Hire purchase payables	(c)	1,028	5,379
Letter of credits	(d)	1,493	2,787
Bank overdrafts (Note 13)	(e)	946	6,609
		8,580	20,460

(a) Term loans

The term loans of the Group bear interest at rate of 4.40% (2025: 3.50% to 4.65%) per annum and are secured and supported as follows:

(i) Legal charge over the leasehold land and buildings of the Group as disclosed in Note 5;
(ii) Corporate guarantee by the Company; and
(iii) Personal guarantee by a director of the Company.

17. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

Future minimum lease payments under leases together with the present value of net minimum lease payments are as follows:

	Group	
	2026 RM'000	2025 RM'000
Minimum lease payments:		
Not later than 1 year	406	476
Later than 1 year and not later than 5 years	81	380
	487	856
Less: Future finance charges	(20)	(51)
Present value of minimum lease payments	467	805
Present value of minimum lease payments:		
Not later than 1 year	390	437
Later than 1 year and not later than 5 years	77	368
	467	805
Less: Amount due within 12 months	(390)	(437)
Amount due after 12 months	77	368

(c) Hire purchase payables

Hire purchase payables of the Group bear interest at rates ranging from 3.73% to 7.25% (2025: 6.58% to 7.31%) per annum and are secured by the Group's plant and machineries and mould under hire purchase arrangements as disclosed in Note 5(a).

Future minimum hire purchase payables payments together with the present value of net minimum hire purchase payments are as follows:

	Group	
	2026 RM'000	2025 RM'000
Minimum hire purchase payables payments:		
Not later than 1 year	351	1,588
Later than 1 year and not later than 5 years	796	4,637
	1,147	6,225
Less: Future finance charges	(119)	(846)
Present value of minimum hirepurchase payables payments	1,028	5,379
Present value of minimum hire purchase payables payments:		
Not later than 1 year	298	1,245
Later than 1 year and not later than 5 years	730	4,134
	1,028	5,379
Less: Amount due within 12 months	(298)	(1,245)
Amount due after 12 months	730	4,134

17. LOANS AND BORROWINGS (CONTINUED)

(d) Letter of credits

The letter of credits of the Group bear interest at rates ranging from 4.88% to 6.60% (2025: 5.06% to 6.60%) per annum and are secured and supported as follows:

(i) Personal guarantee by a director of the Company;
(ii) Corporate guarantee by the Company, a subsidiary and a third party; and
(iii) Legal charge over the leasehold land and buildings of the Group as disclosed in Note 5(a).

(e) Bank overdrafts

The bank overdrafts of the Group bear interest at rates ranging from 7.05% to 8.15% (2025: 7.30% to 8.40%) per annum and are secured and supported as follows:

(i) Corporate guarantee by the Company, a subsidiary and a third party; and
(ii) Legal charge over the leasehold land and buildings of the Group as disclosed in Note 5(a).

18. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

Group	At the beginning of the financial period/year RM'000	Acquisition of a subsidiary RM'000	|---- Recognised in ------| Profit or loss (Note 26) RM'000	Other comprehensive loss (Note 16(b)) RM'000	At the end of the financial period/year RM'000
At 30 June 2026					
Deferred tax assets:					
Unused tax losses	-	-	457	-	457
Unabsorbed capital allowance	1,514	-	(229)	-	1,285
Others	57	-	(57)	-	-
	1,571	-	171	-	1,742
Deferred tax liabilities:					
Property, plant and equipment	(3,844)	-	(1,165)	-	(5,009)
Revaluation surplus on property, plant and equipment	(15,032)	-	2,273	(263)	(13,022)
	(18,876)	-	1,108	(263)	(18,031)
	(17,305)	-	1,279	(263)	(16,289)
At 30 June 2025					
Deferred tax assets:					
Unused tax losses	8	13	(21)	-	-
Unabsorbed capital allowance	-	-	1,514	-	1,514
Others	-	-	57	-	57
	8	13	1,550	-	1,571
Deferred tax liabilities:					
Property, plant and equipment	(1,124)	(368)	(2,352)	-	(3,844)
Revaluation surplus on property, plant and equipment	(11,251)	(7,152)	-	3,371	(15,032)
	(12,375)	(7,520)	(2,352)	3,371	(18,876)
	(12,367)	(7,507)	(802)	3,371	(17,305)

18. DEFERRED TAX LIABILITIES (CONTINUED)

	At the beginning of the financial period/year RM'000	Recognised in profit or loss (Note 26) RM'000	At the end of the financial period/year RM'000
Company			
At 30 June 2025/30 June 2026			
Deferred tax liabilities:			
Fair value gain on investment properties	(149)	-	(149)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Unused tax losses	20,776	20,106	3,166	3,166
Unabsorbed capital allowance	347	162	-	-
Others	388	165	-	-
	21,511	20,433	3,166	3,166

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group and of the Company up to the following years:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
2028	1,562	2,480	1,562	1,562
2029	2,645	3,180	385	385
2030	2,886	2,904	340	340
2031	2,602	2,602	702	702
2032	5,900	5,900	177	177
2034	1,469	1,469	-	-
2035	1,571	1,571	-	-
2036	2,141	-	-	-
Total	20,776	20,106	3,166	3,166

19. TRADE AND OTHER PAYABLES

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Trade					
Third parties	(a)	2,912	4,522	-	-
Amounts owing to related parties	(a)	4,819	5,581	-	-
		7,731	10,103	-	-
Non-trade					
Other payables		3,442	3,670	33	70
Deposits received		2,117	1,073	1,520	20
Accruals		1,901	1,197	87	41
Amounts owing to subsidiaries	(b)	-	-	16,263	452
		7,460	5,940	17,903	583
Total trade and other payables		15,191	16,043	17,903	583

(a) Trade payables are non-interest bearing and are normally settled on terms ranging from Cash on delivery to 90 days (2025: 30 to 90 days).

(b) Amounts owing to subsidiaries are unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 28(b)(ii).

20. REVENUE

	Group 1.7.2025 to 30.6.2026 (12 months) RM'000	Group 1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	Company 1.7.2025 to 30.6.2026 (12 months) RM'000	Company 1.1.2024 to 30.6.2025 (18 months) RM'000
Revenue from contract with customers:				
Continuing operations				
Sales of goods	21,708	24,153	-	-
Recycling	62,049	20,974	-	-
	83,757	45,127	-	-
Discontinued operation (Note 14(b)(i))				
Sales of goods	42,855	65,992	-	-
Revenue from other source:				
Continuing operations				
Dividend income	-	-	17,874	-
Rental income	120	20	308	327
	120	20	18,182	327
	126,732	111,139	18,182	327

20. REVENUE (CONTINUED)

(a) Disaggregation of revenue

The Group and the Company disaggregate revenue into primary geographical markets and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Primary geographical markets:				
Continuing operations				
Australia	623	1,121	-	-
China	15,115	4,279	-	-
Combodia	4,101	460	-	-
Hong Kong	969	1,650	-	-
Japan	11,393	-	-	-
Malaysia	51,236	36,354	18,182	327
Mozambique	-	234	-	-
Thailand	-	67	-	-
Others	440	982	-	-
	83,877	45,147	18,182	327
Discontinued operation (Note 14(b)(i))				
Malaysia	42,855	65,992	-	-
	126,732	111,139	18,182	327
Timing of revenue recognition:				
Continuing operations				
At a point in time	72,301	33,676	18,182	327
Over time	11,576	11,471	-	-
	83,877	45,147	18,182	327
Discontinued operation				
At a point in time	42,855	65,992	-	-
	126,732	111,139	18,182	327

21. OTHER INCOME

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Continuing operations				
Gain on disposal of property, plant and equipment	-	66	-	-
Gain on deregistration of subsidiaries	-	439	-	-
Gain on realised foreign exchange	-	138	-	-
Insurance claims	-	250	-	-
Waiver of other payables	-	23	-	-
Reversal of inventories written down	30	-	-	-
Sales of scrap and tools	-	18	-	-
Storage charges	18	17	-	-
Others	12	26	-	26
	60	977	-	26
Discontinued operation (Note 14(b)(i))				
Gain on disposal of property, plant and equipment	47	15	-	-
Gain on realised foreign exchange	88	-	-	-
Insurance claims	13	-	-	-
Sales of scrap and tools	139	2,630	-	-
	287	2,645	-	-
	347	3,622	-	26

22. FINANCE INCOME

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Continuing operations				
Interest income	26	10	-	3
Discontinued operation (Note 14(b)(i))				
Interest income	41	-	-	-

23. FINANCE COSTS

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)
Continuing operations		
Interest expense on:		
- Bank overdrafts	63	59
- Banker's acceptance	4	3
- Lease liabilities	42	69
- Letter of credits	87	82
- Term loans	209	353
- Hire purchase payables	52	37
	457	603
Discontinued operation (Note 14(b)(i))		
Interest expense on:		
- Bank overdrafts	335	436
- Banker's acceptance	40	32
- Letter of credits	100	206
- Hire purchase payables	321	255
	796	929
	1,253	1,532

24. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Continuing operations				
Auditors' remuneration - statutory audit:				
- Baker Tilly Monteiro Heng PLT	241	340	99	124
Other services:				
- Baker Tilly Monteiro Heng PLT	26	5	8	5
Impairment losses on trade receivables	235	25	-	-
Depreciation of property, plant and equipment	3,377	2,615	-	-
Expense relating to:				
- leases of low value assets	27	42	-	-
- short-term leases	205	107	-	-
Loss on disposal of property, plant and equipment	30	-	-	-
Loss on foreign exchange:				
- realised	16	133	-	-
- unrealised	486	534	-	-
Impairment loss on investment in a subsidiary	-	-	500	-
Inventories written down	237	152	-	-
Reversal of impairment loss of a trade receivable	(25)	-	-	-
Reversal of inventories written down	(30)	-	-	-
Employee benefits expense (Note 25)	14,728	11,630	223	328

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Continuing operations				
Salaries, bonus, wages and allowances	13,696	10,641	223	328
Defined contribution plans	1,032	989	-	-
	14,728	11,630	223	328
Discontinued operation				
Salaries, bonus, wages and allowances	9,134	14,492	-	-
Defined contribution plans	534	832	-	-
	9,668	15,324	-	-
	24,396	26,954	223	328
Included in employee benefits expense are:				
Continuing operations				
Directors of the Company				
Executive directors				
- Other emoluments	2,232	2,937	-	-
Non-executive directors				
- Fees	209	309	209	309
- Other emoluments	14	19	14	19
	223	328	223	328
	2,455	3,265	223	328
Directors of the subsidiaries				
Executive directors				
- Other emoluments	583	220	-	-
	3,038	3,485	223	328

The estimated monetary value of benefit-in-kind received by executive and non-executive directors otherwise than in cash from the Group amounted to RM15,000 (2025: RM15,000).

26. INCOME TAX EXPENSE

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Statements of comprehensive income				
Continuing operations				
Current income tax:				
- Current income tax charge	3,183	901	-	-
- Adjustment in respect of prior period/years	(48)	9	-	-
	3,135	910	-	-
Deferred tax (Note 18):				
- Origination of temporary differences	632	1,078	-	-
- Adjustment in respect of prior period/years	45	(276)	-	-
	677	802	-	-
Income tax expense attributable to continuing operations	3,812	1,712	-	-
Income tax expense attributable to discontinued operation (Note 14(b)(i))	103	-	-	-
Income tax expense recognised in profit or loss	3,915	1,712	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2025: 24%) of the estimated assessable profit for the financial year/period.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Profit/(Loss) before tax from				
- continuing operations	11,443	(2,634)	16,428	(1,415)
- discontinued operation (Note 14(b)(i))	27	(394)	-	-
	11,470	(3,028)	16,428	(1,415)
Tax at Malaysian statutory income tax rate of 24%	2,753	(727)	3,943	(340)
Adjustments:				
Non-deductible expenses	6,866	991	347	347
Income not subject to tax	(5,971)	(7)	(4,290)	(7)
Deferred tax assets not recognised	568	1,952	-	-
Utilisation of previously unrecognised deferred tax assets	(401)	(230)	-	-
Corporate gain tax	311	-	-	-
Real property gain tax	1,749	-	-	
Adjustment in respect of current income tax of prior years	(48)	9	-	-
Adjustment in respect of deferred tax of prior years	(1,912)	(276)	-	-
Income tax expense	3,915	1,712	-	-

27. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share are based on the profit/(loss) for the financial year/ period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the financial year/period, calculated as follows:

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM'000	**1.1.2024 to 30.6.2025 (18 months) RM'000 (Restated)**
Profit/(Loss) attributable to ordinary shareholders of the Company		
- Continuing operations	2,355	(5,303)
- Discontinued operation	(76)	(394)
	2,279	(5,697)

	Group	
	1.7.2025 to 30.6.2026 (12 months) units'000	**1.1.2024 to 30.6.2025 (18 months) units'000 (Restated)**
Weighted average number of ordinary shares for basic earnings/(loss) per share	101,118	89,613

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM	**1.1.2024 to 30.6.2025 (18 months) RM (Restated)**
Basic earnings/(loss) per share (sen)		
- Continuing operations	2.33	(5.92)
- Discontinued operation	(0.08)	(0.44)
	2.25	(6.36)

(b) Diluted earnings/(loss) per ordinary share

There is no diluted earnings/(loss) per share as the Company did not have any dilutive potential ordinary shares during the financial year/period.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")

	Carrying amount RM'000	AC RM'000
At 30 June 2026		
Group		
Financial assets		
Trade and other receivables, excluding prepayments and advances to suppliers	7,722	7,722
Cash and short-term deposits	5,525	5,525
	13,247	13,247
Financial liabilities		
Loans and borrowings	(8,113)	(8,113)
Trade and other payables	(15,191)	(15,191)
	(23,304)	(23,304)
At 30 June 2026		
Company		
Financial assets		
Other receivables, excluding prepayments	3,867	3,867
Cash and short-term deposits	17	17
	3,884	3,884
Financial liability		
Other payables	(17,903)	(17,903)
At 30 June 2025		
Group		
Financial assets		
Trade and other receivables, excluding prepayments and advances to supplier	13,628	13,628
Cash and short-term deposits	6,879	6,879
	20,507	20,507
Financial liabilities		
Loans and borrowings	(19,655)	(19,655)
Trade and other payables	(16,043)	(16,043)
	(35,698)	(35,698)
Company		
Financial assets		
Other receivables, excluding prepayments	47	47
Cash and short-term deposits	6	6
	53	53
Financial liability		
Other payables	(583)	(583)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company use derivative financial instruments, such as, foreign exchange forward contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors review and agree to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	2026 RM'000	%	2025 RM'000	%
Trade receivables:				
Group				
Sales of goods	1,140	16%	6,894	54%
Recycling	6,036	84%	5,801	46%
	7,176	100%	12,695	100%
Contract assets:				
Sales of goods	1,230	100%	383	100%

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. The Group uses a provision matrix to measure expected credit losses for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's core operations. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

			Trade receivables					
	Contract assets RM' 000	Accrued billings RM' 000	Current RM'000	1-30 days past due RM'000	31-60 days past due RM'000	61-90 days past due RM'000	> 91 days past due RM'000	Total RM'000
Group								
At 30 June 2026								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	27%	27%
Gross carrying amount at default	1,230	63	1,938	3,519	875	82	961	7,375
Impairment losses	-	-	-	-	-	-	262	262
At 30 June 2025								
Expected credit loss rate	0%	0%	0%	0%	0%	0%	6%	6%
Gross carrying amount at default	383	-	7,055	4,471	236	79	906	12,747
Impairment losses	-	-	-	-	-	-	52	52

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The Group and the Company are exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Group and the Company monitor the results of the subsidiaries and their repayment on an ongoing basis. The maximum exposure to credit risks amounts to RM11,665,000 and RM7,085,000 (2025: RM19,655,000 and RM7,249,000) respectively representing the maximum amount the Group and the Company could pay if the guarantee is called on as disclosed in Note 28(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		|----- Undiscounted contractual cash flows ------|		
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
At 30 June 2026					
Trade and other payables	15,191	15,191	-	-	15,191
Loans and borrowings	8,580	3,638	2,644	4,040	10,322
Financial guarantee contracts*	-	11,665	-	-	11,665
	23,771	30,494	2,644	4,040	37,178
At 30 June 2025					
Trade and other payables	16,043	16,043	-	-	16,043
Loans and borrowings	20,460	11,903	6,783	4,484	23,170
Financial guarantee contracts*	-	19,655	-	-	19,655
	36,503	47,601	6,783	4,484	58,868
Company					
At 30 June 2026					
Other payables	17,903	17,903	-	-	17,903
Financial guarantee contracts*	-	7,085	-	-	7,085
	17,903	24,988	-	-	24,988
At 30 June 2025					
Other payables	583	583	-	-	583
Financial guarantee contracts*	-	7,249	-	-	7,249
	583	7,832	-	-	7,832

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

* The Group and the Company have given corporate guarantee to banks on behalf of subsidiaries for banking facilities. The potential exposure of the financial guarantees are equivalent to the amount of the bank facilities being utilised by the subsidiaries.

As at 30 June 2026, the Company's current liabilities exceeded its current assets by RM13,999,000. Despite this, the Group's financial position, including dividend income from the subsidiaries, provides adequate resources to enable the Company in meeting its obligations and continue its operations of at least 12 months from the end of the financial year.

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group to manage its treasury activities and exposures. The Group's policy is to hedge all material foreign currency exposures arising from its transactions and balance using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group also takes advantage of any natural effects of its foreign currencies revenue and expenses by maintaining current accounts in foreign currencies.

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Functional currencies					
	United States Dollar (USD) RM'000	Thailand Baht (THB) RM'000	Renminbi (RMB) RM'000	Euro (EUR) RM'000	Australian Dollar (AUD) RM'000	Total RM'000
Group						
At 30 June 2026						
Balances recognised in the statements of financial position						
Trade and other receivables	299	-	-	-	122	421
Cash and short-term deposits	2,815	-	-	-	127	2,942
Trade and other payables	(85)	-	(253)	-	-	(338)
	3,029	-	(253)	-	249	3,025
At 30 June 2025						
Balances recognised in the statements of financial position						
Trade and other receivables	3,254	-	-	-	178	3,432
Cash and short-term deposits	3,417	-	-	-	1	3,418
Trade and other payables	(2,326)	(126)	(581)	(37)	-	(3,070)
	4,345	(126)	(581)	(37)	179	3,780

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk
The Group's principal foreign currency exposure mainly relates to USD, THB, RMB, EUR and AUD.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, THB, RMB, EUR and AUD with all other variables held constant on the Group's total equity and profit/(loss) for the financial year/period.

	Change in rate %	Effect on (loss)/profit for the financial period/year RM'000	Effect on equity RM'000
Group			
30 June 2026			
- USD	+5%	115	115
	- 5%	(115)	(115)
- RMB	+5%	(10)	(10)
	- 5%	10	10
- AUD	+5%	9	9
	- 5%	(9)	(9)
30 June 2025			
- USD	+5%	165	165
	- 5%	(165)	(165)
- THB	+5%	(5)	(5)
	- 5%	5	5
- RMB	+5%	(22)	(22)
	- 5%	22	22
- EUR	+5%	(1)	(1)
	- 5%	1	1
- AUD	+5%	7	7
	- 5%	(7)	(7)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates. The Group's policy to manage its interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

Sensitivity analysis for interest rate risk
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit/(loss) for the financial period/year.

	Change in basis points	Effect on profit/(loss) the financial period/year RM'000	Effect on equity RM'000
Group:			
30 June 2026	+ 100	(54)	(54)
	- 100	54	54
30 June 2025	+ 100	(108)	(108)
	- 100	108	108

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings are reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers. There have been no transfers between Level 1 and Level 2 during the financial year (2025: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
At 30 June 2026									
Financial liabilities									
Hire purchase payables	(1,028)	-	-	-	-	-	-	(1,096)	(1,096)
At 30 June 2025									
Financial liabilities									
Hire purchase payables	(5,379)	-	-	-	-	-	-	(5,707)	(5,707)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of hire purchase payables are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting year.

29. COMMITMENTS

(a) Commitments

The Group has made commitments for the following capital expenditures:

	Group and Company	
	2026	2025
	RM'000	RM'000
Property, plant and equipment	4,712	77

(b) Lease commitments – as lessee

At 30 June 2026, the future lease payments for the non-cancellable lease contracts are RM406,000 within one year and RM82,000 within five years.

30. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group and the Company include:

(i) Ultimate holding company;
(ii) Subsidiaries;
(iii) Entities in which directors have substantial financial interest; and
(iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Management fee				
Subsidiaries	-	-	287	273
Rental income				
Subsidiaries	-	-	(188)	(307)
Dividend income				
Subsidiaries	-	-	(17,874)	-
Purchases				
Entities in which directors have substantial financial interests	6,580	2,471	-	-

In addition to the above, the Group made gross purchases of goods from entities in which certain directors have substantial financial interests amounting to RM37,921,000 (2025: RM44,144,000) where the corresponding revenue was recognised at the amount it expects to be entitled in exchange after paying for the purchases.

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 11 and 19.

30. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group	
	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Included in staff costs were remunerations for key management personnel other than directors		
Continuing operations		
- Salaries, bonus, wages and allowances	566	717
- Defined contribution plans	69	87
	635	804
Discontinued operation		
- Salaries, bonus, wages and allowances	291	605
- Defined contribution plans	37	76
- Benefits-in-kind	4	6
	332	687
	967	1,491

31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Managing Director for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

Segments	Products and services
Commercial	Commercial carpets
Recycling	Metal recycling and waste management
Automotive (Discontinued operation)	Car carpets and components

Inter-segment pricing is determined on negotiated basis.

Segment profit
Segment performance is used to measure performance as the Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets
The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

Segment liabilities
The total of segment liabilities are measured based on all liabilities of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

Geographical information
Geographical information of revenue by location of customers is disclosed in Note 20 to the financial statements.

31. SEGMENT INFORMATION (CONTINUED)

Information about major customers

	Segment	Revenue 1.7.2025 to 30.6.2026 (12 months) RM'000
Customer A	Recycling	14,795
Customer B	Recycling	12,620
Customer C	Automotive (Discontinued operation)	12,546
		39,961

	Segment	Revenue 1.1.2024 to 30.6.2025 (18 months) RM'000
Customer A	Automotive (Discontinued operation)	26,470
Customer B	Automotive (Discontinued operation)	10,930
Customer C	Automotive (Discontinued operation)	11,860
		49,260

	Note	Commercial RM'000	Recycling RM'000	Non-reportable segments RM'000	Automotive (Dis-continued operation) RM'000	Adjustments and elimination RM'000	Total RM'000
30 June 2026							
Revenue							
Revenue from external customers	A	18,113	62,049	120	42,855	3,595	126,732
Inter-segment revenue	B	7,892	-	18,062	-	(25,954)	-
Total revenue		26,005	62,049	18,182	42,855	(22,359)	126,732
Results							
Finance income		-	26	-	41	-	67
Impairment losses on financial instruments		(235)	-	-	(200)	-	(435)
Depreciation on property, plant and equipment		(1,584)	(2,111)	-	(772)	318	(4,149)
Gain on disposal of property, plant and equipment		-	(30)	-	47	-	17
Gain on realised foreign exchange		122	(138)	-	226	-	210
Loss on unrealised foreign exchange		7	(493)	-	(40)	-	(526)
Inventories written down		(237)	-	-	(216)	-	(453)
Inventories written off		-	-	-	(43)	-	(43)
Reversal of inventories written down		30	-	-	-	-	30
Reversal of impairment losses on financial instruments		25	-	-	-	-	25
Finance costs		(449)	(29)	-	(796)	21	(1,253)
Taxation		397	(4,209)	-	(103)	-	(3,915)
Segment results	C	(710)	9,326	16,429	(76)	(17,414)	7,555

31. SEGMENT INFORMATION (CONTINUED)

Information about major customers (continued)

	Note	Commercial RM'000	Recycling RM'000	Non-reportable segments RM'000	Automotive (Discontinued operation) RM'000	Adjustments and elimination RM'000	Total RM'000
30 June 2026 (continued)							
Assets:							
Investment in a joint venture		-	-	300	-	12	312
Addition to non-current assets		5,745	28,897	30,416	1,010	(61,878)	4,190
Segment assets	D	59,075	159,356	141,998	35,852	(179,176)	217,105
Segment liabilities	E	23,060	37,356	18,052	22,254	(36,537)	64,185
30 June 2025							
Revenue							
Revenue from external customers	A	19,756	20,974	20	65,992	4,397	111,139
Inter-segment revenue	B	8,443	-	307	-	(8,750)	-
Total revenue		28,199	20,974	327	65,992	(4,353)	111,139
Results							
Depreciation on property, plant and equipment		(2,235)	(963)	-	(1,763)	583	(4,378)
Finance costs		(653)	(6)	-	(929)	56	(1,532)
Finance income		7	-	3	-	-	10
Impairment loss on financial instruments		(25)	-	-	-	-	(25)
Inventories written down		(152)	-	-	-	-	(152)
Property, plant and equipment written off		-	-	-	(247)	-	(247)
Gain on deregistration of subsidiaries		-	-	-	-	439	439
Gain on disposal of property, plant and equipment		66	-	-	15	-	81
Gain on realised foreign exchange		6	112	593	(113)	598	
Loss on unrealised foreign exchange		(63)	(471)	-	7	-	(527)
Taxation		53	(1,765)	-	-	-	(1,712)
Segment results	C	(4,037)	517	(1,415)	(394)	589	(4,740)
Assets:							
Addition to non-current assets		2,532	394	-	7,329	(277)	9,978
Segment assets	D	61,716	114,805	108,249	66,086	(152,147)	198,709
Segment liabilities	E	46,276	62,415	732	24,843	(80,090)	54,176

NOTES TO THE FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets, liabilities and other material items are as follows:

A Revenue from external customers

	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Total revenue for reportable segments	126,612	111,119
Other non-reportable segment	120	20
Discontinued operation (Note 14(b)(i))	(42,855)	(65,992)
Total revenue	83,877	45,147

B Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

C Reconciliation of profit or loss

	1.7.2025 to 30.6.2026 (12 months) RM'000	1.1.2024 to 30.6.2025 (18 months) RM'000
Profit or loss		
Total profit/(loss) for reportable segments	8,540	(3,914)
Other non-reportable segments	16,429	(1,415)
Share of profit of joint venture not included in reportable segments	12	-
Elimination of inter-segment profit/(loss)	(17,426)	589
Consolidated profit/(loss) for the financial year/ period	7,555	(4,740)

D Reconciliation of assets

Inter-segment assets are deducted from segment assets to arrive at total assets reported in the statements of financial position.

E Reconciliation of liabilities

Inter-segment liabilities are deducted from segment liabilities to arrive at total liabilities reported in the statements of financial position.

32. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies and processes during the financial year ended 30 June 2026 and financial period ended 30 June 2025.

32. CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor the capital using debt-to-equity ratio. The debt-to-equity ratio is calculated as total debts divided by total equity. The debt-to-equity ratio at 30 June 2026 and 30 June 2025 are as follows:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Continuing operations:				
Trade and other payables	15,191	16,043	17,903	583
Loans and borrowings	8,580	20,460	-	-
Total debts from continuing operations	23,771	36,503	17,903	583
Discontinued operation:				
Trade and other payables	15,113	-	-	-
Loans and borrowings	7,141	-	-	-
Total debts from discontinued operation	22,254	-	-	-
Total debts	46,025	36,503	17,903	583
Total equity	152,920	144,533	123,946	107,518
Debt-to-equity ratio	0.30	0.25	0.14	0.01

33. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 10 September 2025, the Company has entered into a conditional share sale agreement with Oceancash Pacific Berhad for the proposed disposal of 22,750,000 shares in a wholly-owned subsidiary, Paragon Car Carpets & Components Sdn. Bhd. ("PCCC"), representing 100% equity interest for an indicative disposal consideration of RM13.42 million to be adjusted in accordance with the terms of the agreement, and to be satisfied entirely via cash. The proposed disposal was subsequently approved by shareholders at the Extraordinary General Meeting held on 28 November 2025.

Prior to completion of the proposed disposal, PCCC undertook a restructuring exercise which included:

- the disposal of its industrial property at H.S.(M) 4050 PT7637, Cheras Jaya to a wholly-owned subsidiary, Paragon Metal Sdn. Bhd. for RM26 million pursuant to a Sale and Purchase Agreement dated 17 March 2026, with the legal ownership transferred on 19 June 2026,
- the disposal of its entire equity interest in Paragon Carpetmaker Sdn. Bhd., comprising 10.5 million shares to the Company for a consideration of RM15.56 million pursuant to a Share Sale Agreement dated 15 January 2026.

On 22 July 2026, the conditions precedent in respect of the proposed disposal were fulfilled. Following the restructuring exercise, the remaining assets and liabilities of PCCC constituted the disposal group to be sold to Oceancash Pacific Berhad.

The disposal of PCCC was completed on 3 September 2026.

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

We, **KOON HOI CHUN** and **WONG EE-COLN**, being two of the directors of PARAGON UNION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 92 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2026 and of their financial performance and cash flows for the financial year then ended.

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

…….....
KOON HOI CHUN
Director

…….....
WONG EE-COLN
Director

Date: 23 October 2026

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

I, **Tan Teck Khong**, being the officer primarily responsible for the financial management of PARAGON UNION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 92 to 145 are 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.

…….....
Tan Teck Khong
(MIA Membership No.: 33013)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 October 2026.

Before me,

…….....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PARAGON UNION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Paragon Union Berhad, which comprise the statements of financial position as at 30 June 2026 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to financial statements, including material accounting policy information, as set out on pages 92 to 145.

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 30 June 2026, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

Goodwill (Notes 4(a) and 7 to the financial statements)

Goodwill is tested for impairment annually and at other times when such indications exist.

We focused on this area because the Group's determination of recoverable amount of the cash generating units ("CGU") to which the goodwill is allocated required the exercise of significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:
- understanding the methodology and method adopted by the directors in measuring the recoverable amount;
- comparing the actual results with previous budget to understand the performance of the business;
- discussing with the Group on their assessment in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin; and
- testing the mathematical computation of the impairment assessment.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PARAGON UNION BERHAD

Key Audit Matters (continued)

Group (continued)

Property, plant and equipment (Notes 4(b) and 5 to the financial statements)

The Group has significant balances of property, plant and equipment relating to its manufacturing operations. There is a risk the future performance of the assets may not lead to their carrying values being recoverable in full and the directors are required to determine the recoverable amounts of these assets.

We focused on this area because the Group's determination of recoverable amount requires the exercise of significant judgement to be made by the directors, especially in determining appropriate valuation methods and the key assumptions used in the valuations and the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:
- considering the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation;
- reading the valuation reports and discussing with external valuers and directors on their valuation approach and the significant judgements made;
- understanding the relevance of the key input data used by the external valuers;
- discussing with the Group on their assessment in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin; and
- testing the mathematical computation of the impairment assessment.

Inventories (Notes 4(c) and 10 to the financial statements)

The Group has significant balances of inventories as at 30 June 2026.

We focused on this area because the computation and cost allocation process involve multiple inputs and judgement by directors. The Group is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other costs and the appropriate allocation of overheads based on normal operating capacity. The valuation of these inventories at lower of cost and net realisable value by the Group is an area of significant estimate made by the directors.

Our response:

Our audit procedures included, among others:
- checking the computation of inventory costing which includes costs of raw materials, direct labour and other costs incurred in bringing the inventories to their present location and condition;
- discussing with the management on the Group's assessment on net realisable value on selected inventory items; and
- checking subsequent sales and understanding the Group's assessment on estimated net realisable value on selected inventory items.

Key Audit Matters (continued)

Company

Investment in subsidiaries (Notes 4(d) and 8 to the financial statements)

The Company has significant balance of investment in subsidiaries as at 30 June 2026. At the end of the financial year, the directors are required to determine if there is any indication of impairment in investment in the subsidiaries. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:
- comparing the directors' key assumptions in cash flow forecast which include the directors' assessment and consideration of the current economic and business environment in relation to key assumptions; and
- testing the mathematical accuracy of the impairment assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PARAGON UNION 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for out 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, action taken to eliminate threats or safeguard applied.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PARAGON UNION BERHAD

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ee Mei Shing
No. 03912/11/2027 J
Chartered Accountant

Kuala Lumpur

Date: 23 October 2026

LIST OF PROPERTIES HELD BY THE GROUP
30 JUNE 2026

Location	Age of Building	Owner	Tenure	Description	Land Area (sq.m.)	Built-Up Area (sq.m.)	Net Book Value as at 30 June 2026 RM'000
Lot No. PT 7637 14, Jalan CJ 1/1 Kawasan Perindustrian Cheras Jaya Balakong, 43200 Cheras Selangor Darul Ehsan	34 years	Paragon Metal Sdn Bhd	Leasehold (Expiry 14.05.2088)	Leasehold Land Factory and Office	8,094	3,186 (Factory) 3,964 (Office)	26,000
11A, Jalan CJ 1/1 Kawasan Perindustrian Cheras Jaya Balakong, 43200 Cheras Selangor Darul Ehsan	33 years	Paragon Carpetmaker Sdn Bhd	Leasehold (Expiry 14.05.2088)	Leasehold Land Factory and Office	12,128	7,952	28,000
Lot No. PT 3301 No 12A, Jalan Semenyih Integrated 1, Semenyih Integrated Industrial Park, 43500 Semenyih, Selangor Darul Ehsan	10 years	Paragon Union Berhad	Leasehold (Expiry 23.10.2093)	Leasehold Land 3 Storey Semi Detached Factories	1,375	816	3,500
Lot No. PT 3300 No 15, Jalan Semenyih Integrated 1, Semenyih Integrated Industrial Park, 43500 Semenyih, Selangor Darul Ehsan	10 years	Paragon Union Berhad	Leasehold (Expiry 23.10.2093)	Leasehold Land 3 Storey Semi Detached Factories	1,375	816	3,500
Lot No. PT 3297 No 21, Jalan Semenyih Integrated 1, Semenyih Integrated Industrial Park, 43500 Semenyih, Selangor Darul Ehsan	10 years	Paragon Union Berhad	Leasehold (Expiry 23.10.2093)	Leasehold Land 3 Storey Semi Detached Factories	1,375	816	3,500
Lot 2247 & Lot 2248, Jalan Seelong Jaya 8, Seelong Jaya 81400 Senai Johor Darul Takzim	18 years (Block A, B and C) 11 years (Block D)	Metahub Industries Sdn Bhd	Freehold	Freehold Land Four (4) Block of Factory, Office and Workers Quarters	40,215	14,314	41,819

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2026

Issued Paid-up Capital : RM135,902,259.150
Number of Issued Shares : 101,117,788
Class of Shares : Ordinary Shares
Voting Rights : One (1) vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 to 99	49	656	0.00
100 to 1,000	399	322,658	0.32
1,001 to 10,000	756	3,700,175	3.66
10,001 to 100,000	319	10,302,509	10.19
100,001 to less than 5% of issued shares	72	37,727,250	37.31
5% and above of issued shares	2	49,064,540	48.52
Total	**1,597**	**101,117,788**	**100.00**

DIRECTORS' SHAREHOLDINGS

	Name	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	KOON HOI CHUN	2,003,200	1.98	53,810,303*	53.22
2.	WONG EE-COLN	250,000	0.25	-	-
3.	TAN VEI TECK	-	-	-	-
4.	KOH HUEY MIN	-	-	-	-
5.	TEO SIANG LY	-	-	-	-
6.	KOON HON HOONG	3,869,000	3.83	13,830,509**	13.68

* *Deemed interest by virtue of his substantial shareholdings in AKK Capital Sdn Bhd and Incredible Ark Sdn Bhd.*
** *Deemed interest by virtue of his substantial shareholdings in Incredible Ark Sdn Bhd. .*

SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest		Indirect Interest	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	AKK CAPITAL SDN. BHD.	39,979,794	39.54	-	-
2.	INCREDIBLE ARK SDN. BHD.	13,830,509	13.68	-	-
3.	KOON HOI CHUN	2,003,200	1.98	53,810,303*	53.22
4.	KOON HON HOONG	3,869,000	3.83	13,830,509**	13.68

* *Deemed interest by virtue of his substantial shareholdings in AKK Capital Sdn Bhd and Incredible Ark Sdn Bhd.*
** *Deemed interest by virtue of his substantial shareholdings in Incredible Ark Sdn Bhd.*

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2026

THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares	Percentage (%)
1.	AKK CAPITAL SDN BHD	39,979,794	39.54
2.	INCREDIBLE ARK SDN BHD	9,084,746	8.98
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD UOB KAY HIAN SECURITIES (M) SDN BHD FOR INCREDIBLE ARK SDN BHD (PUB)	4,745,763	4.69
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOON HON HOONG (PB)	3,869,000	3.83
5.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM AH SENG	3,650,000	3.61
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW KUAN FAH	1,652,300	1.63
7.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON HOI CHUN	1,542,300	1.53
8.	SIM AH SENG	936,300	0.93
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK HON LEONG	854,400	0.84
10.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	811,400	0.80
11.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG YEW CHEONG	770,000	0.76
12.	LIM SEW CHON	722,452	0.71
13.	NG YOON LING	700,200	0.69
14.	SIM KOK HOU	700,000	0.69
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHEE CHOON (7009271)	691,000	0.68
16.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YAT KIANG (MY1469)	664,600	0.66
17.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYSHREE A/P MAHENDRAN	600,000	0.59
18.	GAN KOK EN	576,000	0.57
19.	NG SOON TONG	546,100	0.54
20.	YAM BEE LING	538,100	0.53
21.	SIM AH YOKE	516,400	0.51
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO CHIN SER (6000194)	512,500	0.51
23.	NG WYMIN	509,500	0.50
24.	SHENG HSIA HWEI	500,000	0.49
25.	CHAN POH CHOO	490,200	0.48
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOON HOI CHUN (PB)	460,900	0.46
27.	LIM SIEH CHEAN	455,700	0.45
28.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS)	451,500	0.45
29.	SU MING KEAT	440,740	0.44
30.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEW KUAN FAH (MARGIN)	403,500	0.40
	TOTAL	**78,375,395**	**77.51**

PARAGON UNION BERHAD

Registration No. 199401000779 (286457-V)

PROXY FORM

(Before completing this form please refer to the notes below)

NO. OF SHARES HELD	CDS ACCOUNT NO.

I/We (Full name in Block Letters) .....

NRIC No. / Passport No. / Company No. .....

Of .....

being a member/members of Paragon Union Berhad [Registration No. 199401000779 (286457-V)], hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

and / or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Phone No.:			

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Thirty-Second (32nd) Annual General Meeting of the Company to be held at Dewan Perdana Ballroom at the Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara 60000 Kuala Lumpur on Friday, 27 November 2026 at 10:00 a.m. or at any adjournment thereof to vote as indicated below:

Ordinary Business	Resolutions	For	Against
To approve the payment of Directors' fees and other benefits payable up to RM250,000.00 for the financial year ending 30 June 2027.	Ordinary Resolution 1		
To re-elect Madam Koh Huey Min, who retires by rotation in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered herself for re-election.	Ordinary Resolution 2		
To re-elect Madam Teo Siang Ly, who retires by rotation in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered herself for re-election.	Ordinary Resolution 3		
To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 5		
Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	Ordinary Resolution 6		

*(Please indicate with an "x" or "√" how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as *he/she may think fit.)*

Signed this _____day of _____ ,2026

_____

Signature (If shareholder is a Corporation, this form should be executed under common seal)

Notes:

1. *For the purpose of determining a member who shall be entitled to attend and vote at the 32nd AGM, the Company shall be requesting the Record of Depositors as at 20 November 2026. Only a depositor whose name appears on the Record of Depositors as at 20 November 2026 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*
2. *A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.*
3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member or the authorised nominee or an exempt authorised nominee appoints two (2) or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
6. *The instrument appointing a proxy or 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 share registrar of the Company, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, or alternatively to lodge the Proxy Form electronically via Digerati Portal at https://paragon-agm.digerati.com.my or email the duly executed Proxy Form to admin@aldpro.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.*
7. *If the appointer is a corporation, the Proxy Form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.*

Fold this flap for sealing

AFFIX
STAMP

THE SHARE REGISTRAR OF
PARAGON UNION BERHAD
Registration No.: 199401000779 (286457-V)

c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur,
Wilayah Persekutuan.

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Fold This Flap For Sealing

PARAGON UNION BERHAD
Registration No. 199401000779 (286457-V)

Lot 14, Jalan CJ 1/1, Kawasan Perindustrian Cheras Jaya
Batu 11, Cheras 43200, Selangor Darul Ehsan, Malaysia

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