



**QUALITY
CONCRETE
HOLDINGS
BERHAD**

[199601005936 (378282-D)]

Annual Report
2026



Contents

Business Overview

- 02 ▶ Corporate Information
 - 03 ▶ Group's Financial Highlights
 - 04 ▶ Corporate Structure
 - 05 ▶ Chairman's Statement
 - 08 ▶ Management Discussion & Analysis
 - 19 ▶ Directors' Profile
 - 21 ▶ Profile of Key Management
-

Commitment to Governance

- 23 ▶ Audit Committee Report
 - 27 ▶ Corporate Governance Overview Statement
 - 37 ▶ Statement on Risk Management and Internal Control
-

Sustainability Journey

- 39 ▶ Sustainability Statement
-

Online Version

The online version of 2026 Annual Report can be viewed at www.qchb.com.my

Financial Statement

- 67 ▶ Directors' Report
 - 72 ▶ Statement by Directors
 - 73 ▶ Statutory Declaration
 - 74 ▶ Statements of Profit or Loss and Other Comprehensive Income
 - 76 ▶ Statements of Financial Position
 - 78 ▶ Consolidated Statement of Changes in Equity
 - 79 ▶ Statements of Changes in Equity
 - 80 ▶ Statements of Cash Flows
 - 85 ▶ Notes to the Financial Statements
 - 149 ▶ Independent Auditors' Report
-

Shareholder Information

- 156 ▶ Analysis of Shareholdings
 - 158 ▶ List of Properties
 - 159 ▶ Notice of Annual General Meeting
 - ▶ Form of Proxy
-

Corporate Information

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Tel : +6 082-206 600

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Board of Directors

Tiang Ching Kok
(Executive Chairman)

Paul Chiam Tau Keen
(Executive Director)

Felix Wong Khung Chui
(Independent Non-Executive Director)

Lynda Chong Hui Lyn
(Independent Non-Executive Director)

Pang Kim Soo
(Independent Non-Executive Director)

Ir. Ha Tiuen Kiong
(Non-Independent Non-Executive Director)

Company Secretaries

Yeo Puay Huang
[SSM PC No.202008000727 (LS0000577)]

Paul Chiam Tau Keen
[SSM PC No.202008002707 (MIA14900)]

Auditors

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Level 2, Lee Onn Building, Jalan Lapangan Terbang,
93250 Kuching, Sarawak.

Share Registrar

Securities Services (Holdings) Sdn. Bhd.
Registration No. 197701005827 (36869-T)

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Principal Bankers

CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

Stock Exchange Listing

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 7544
Stock Name: QUALITY

Group's Financial Highlights

Revenue (RM '000)

190,498

2026	190,498
2025	155,822
2024	176,000
2023	208,486
2022	202,635

Total Assets (RM '000)

270,401

2026	270,401
2025	262,743
2024	268,105
2023	269,925
2022	268,153

Shareholders Funds (RM '000)

67,703

2026	67,703
2025	78,561
2024	87,748
2023	100,580
2022	104,524

Profit/(Loss) Before Tax (RM '000)

(9,233)

2026	(9,233)
2025	(4,890)
2024	(10,068)
2023	1,310
2022	9,934

Profit/(Loss) Attributable To Owners Of The Parent (RM '000)

(10,704)

2026	(10,704)
2025	(8,045)
2024	(11,223)
2023	(2,235)
2022	4,183

Earnings Per Share (Sen)

(18.47)

2026	(18.47)
2025	(13.88)
2024	(19.36)
2023	(3.86)
2022	7.22

Corporate Structure



QUALITY CONCRETE HOLDINGS BERHAD

[199601005936 (378282-D)] Incorporated in Malaysia



Chairman's Statement



Tiang Ching Kok
Group Executive Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Group's financial results and operational review for the financial year ended 31 January 2026.

The year under review was one of contrasting outcomes. While the Group's reported financial performance reflects continued losses, the underlying results demonstrate meaningful operational strengthening across key divisions, improved earnings resilience, and clear progress in our turnaround initiatives. Collectively, these developments reinforce the Group's transition toward a more stable and sustainable earnings base.

Despite operating within a challenging economic and industry environment characterised by cost pressures, competitive market conditions, and continued project execution risks, the Group remained focused on strengthening operational fundamentals, preserving cash flow resilience, and enhancing long-term sustainability.

▶ Financial Performance: **Headline vs. Underlying Reality**

For the financial year ended 2026, the Group recorded a higher revenue of RM190.5 million compared to RM155.8 million in previous financial year, representing continued top-line growth. At headline level, this appears to reflect improved business activity and stronger project execution across the Group's operating segments.

However, this revenue expansion did not translate into improved profitability. The reported loss was materially impacted by a one-off settlement cost of RM6.0 million recognised during the financial year. Excluding this exceptional item, the Group would have recorded a significant narrower underlying loss before tax, reflecting the gradual improvement in the Group's core operating performance.

Consequently, the Group reported a higher loss for the year of RM8.9 million in current year compared to RM6.9 million compared to preceding year. The widening loss highlights that cost pressures at both project and overhead levels have outpaced the incremental gains from revenue growth. In substance, while the Group's headline growth signals operational scale, the underlying earnings performance reflects continued pressure on margin sustainability and cost efficiency.

To address this performance gap, the Group has begun strengthening its cost management discipline and project execution efficiency. Greater emphasis is being placed on tighter budgeting, improved procurement control, and more rigorous project monitoring to ensure that revenue growth is accompanied by sustainable margin recovery. These initiatives are expected to gradually improve cost absorption and reduce the volatility in project-level profitability.

▶ Operational Performance: **Broad-Based Strengthening**

Despite the reported loss, the Group recorded clear operational progress across its core divisions, supported by tighter cost discipline, improved execution, and enhanced management focus.

The Construction Division was impacted by a one-off settlement cost incurred during the year. Excluding the effect of this exceptional item, underlying operations during the current year remained stable, supported by steady project execution and strengthened risk management practices.

During the year, management also intensified efforts to strengthen project monitoring, contract administration, and claims management processes in order to minimise execution risks and improve overall project profitability going forward.

The Manufacturing Division delivered a strong turnaround, with both the RMC and HDPE businesses returning to profitability after prior-year losses. This improvement reflects enhanced operational efficiency, tighter cost control, and a more disciplined approach to pricing and margin management. The division is now on a more stable and sustainable footing.

The successful turnaround of the Manufacturing Division represents a significant milestone for the Group, demonstrating management's ability to restore operational performance through disciplined restructuring and stronger commercial execution.

Chairman's Statement (Contd.)

The Road Maintenance Division continued to perform strongly, delivering improved profitability year-on-year. Supported by long-term contracts and consistent execution, it remains a key contributor to the Group's earnings stability and cash flow generation. The recurring nature of this division's revenue stream continues to provide an important defensive earnings base for the Group, supporting overall financial stability amid cyclical industry conditions.

The Property Development Division, while still loss-making, recorded a narrower loss compared to the previous financial year. This improvement reflects disciplined cost management, more focused project planning, and ongoing efforts to strengthen the development pipeline. Management remains selective and disciplined in evaluating future development opportunities, with greater emphasis placed on project viability, cash flow sustainability, and market demand considerations.

Overall, the Group has achieved broad-based operational improvement, with turnaround progress in Manufacturing, strength in Road Maintenance, stabilisation in Construction, and gradual recovery in Property Development.

► Cross-Group Strengthening

The Group's performance during the year was underpinned by several structural improvements:

- ▶ strengthened cost discipline across all divisions;
- ▶ improved revenue quality with greater focus on margin sustainability;
- ▶ enhanced divisional accountability and operational oversight;
- ▶ stable recurring income streams from core ancillary activities; and
- ▶ strengthened risk management frameworks, particularly in project execution.

In addition, management continued to strengthen internal coordination across business units, improve operational reporting capabilities, and reinforce financial governance practices to support more effective decision-making and long-term operational resilience.

These improvements have enhanced the Group's resilience and positioned it for more consistent earnings performance going forward.

► Strategic Priorities

Moving forward, the Group's focus will be on the following priorities:

- ▶ restoring normalised profitability in the Construction Division following the one-off settlement impact;
- ▶ sustaining and consolidating the Manufacturing Division's turnaround;
- ▶ strengthening the contribution of the Road Maintenance Division as a stable earnings pillar;
- ▶ advancing the Property Development pipeline in a disciplined and risk-managed manner; and
- ▶ maintaining prudent cost control, cash flow discipline, and risk governance across all operations.

The Group will also continue exploring opportunities to diversify and strengthen recurring income streams, improve operational synergies across divisions, and enhance overall capital efficiency in order to support long-term shareholder value creation.

► Governance and Sustainability

The Board and management remain firmly committed to maintaining strong standards of corporate governance, operational accountability, and ethical business conduct across all levels of the Group. During the financial year, continued emphasis was placed on strengthening internal controls, improving operational reporting structures, enhancing financial oversight, and reinforcing risk management practices to support more effective decision-making and long-term organisational resilience.

In line with the Group's ongoing operational strengthening initiatives, management has also continued to improve governance processes relating to project execution, contract administration, procurement monitoring, and cost management. These measures are intended to strengthen transparency, improve operational efficiency, and mitigate execution and financial risks across the Group's business segments.

The Group recognises that sustainable long-term growth must be supported by responsible business practices and sound environmental, social, and governance ("ESG") principles. As part of this commitment, the Group continues to promote responsible resource management, workplace safety, regulatory compliance, and operational sustainability across its construction, manufacturing, road maintenance, and property development activities.

In addition, the Group remains committed to fostering a culture of integrity, accountability, and continuous improvement throughout the organisation. Management will continue to strengthen governance capabilities, operational discipline, and sustainability awareness to ensure that the Group remains resilient, competitive, and well-positioned for long-term value creation.

Chairman's Statement (Contd.)

The Board believes that strong governance and sustainable business practices are fundamental to preserving stakeholder confidence and supporting the Group's long-term strategic objectives. Moving forward, the Group will continue enhancing its governance framework and sustainability practices in line with evolving regulatory expectations, industry standards, and stakeholder priorities.

► Outlook

Looking ahead, management remains cautiously optimistic regarding the Group's prospects for the forthcoming financial year. The Group expects to benefit from the continued operational improvements achieved across its core divisions, supported by stronger execution discipline, improving project delivery efficiency, and a more stable revenue base. These factors collectively provide a stronger foundation for enhanced financial performance going forward.

Management will continue to focus on several strategic priorities moving forward. These include sustaining the turnaround momentum achieved within the RMC and HDPE divisions, further strengthening the performance of the Road Maintenance Division, and driving the remaining business segments toward profitability through enhanced operational discipline and resource optimisation. In parallel, the Group will continue to emphasise prudent cost management, tighter financial controls and improvements in revenue quality in order to strengthen margins and enhance overall earnings resilience.

In addition, management remains mindful of the potential indirect impact arising from ongoing geopolitical tensions, including the conflict between the United States and Iran. Any escalation in the conflict may contribute to higher global fuel prices, increased shipping and logistics costs, supply chain disruptions and volatility in raw material prices, particularly for petroleum-based products such as bitumen, HDPE resin

and other construction-related materials utilised by the Group. Such developments may exert pressure on operating margins and project costs across the Group's construction, manufacturing and road maintenance operations. Management will continue to closely monitor the situation and adopt appropriate mitigation measures, including cost control initiatives, procurement planning and operational adjustments, to minimise potential adverse financial impacts.

The Board remains confident that the operational restructuring and strengthening measures undertaken over the past few years have established a stronger platform for sustainable growth, improved financial resilience, and enhanced stakeholder confidence.

Barring any unforeseen adverse developments in the operating environment, management believes the Group is better positioned to deliver an improved financial performance in the coming financial year and to continue progressing toward long-term operational stability and sustainable profitability.

► Acknowledgement

On behalf of the Board, I extend my sincere appreciation to our management team and employees for their commitment, resilience, and dedication throughout the year.

I also thank our shareholders, customers, contractors, and business partners for their continued trust and support.

We look forward with confidence to building on the progress achieved and delivering a stronger performance in the year ahead.

Yours sincerely,

Tiang Ching Kok
Chairman



Management Discussion & Analysis

QC Group operates as a diversified, vertically integrated construction and infrastructure group with business activities spanning the full value chain from materials manufacturing to project execution and long-term asset maintenance.

The Group's operational structure comprises its Ready-Mixed Concrete ("RMC") Division, HDPE Pipes Division, Premix Division, and Timber Division, which collectively form the core materials and manufacturing backbone supporting construction activities. These are complemented by the Construction Division, which serves as the principal execution arm responsible for delivering infrastructure, building, and civil engineering projects, as well as the Road Maintenance Division, which provides long-term upkeep and asset management services for public road infrastructure under recurring maintenance contracts.

In addition, the Property Development Division holds strategic land assets and represents the Group's long-term development platform, positioned to capture future value through selective and disciplined property development initiatives aligned with market demand.

Together, these divisions enable QC Group to operate as an integrated ecosystem, enhancing operational efficiency, cost competitiveness, and execution capability across its infrastructure and development portfolio.



► Ready-Mixed Concrete Division

The Ready-Mixed Concrete Division is one of QC Group's core manufacturing businesses and plays an important supporting role within the Group's integrated construction and infrastructure ecosystem. The division is principally involved in the production, supply, and delivery of ready-mixed concrete solutions for infrastructure projects, commercial developments, industrial facilities, and residential construction across Sarawak.

Leveraging the Group's extensive experience within the construction sector, the RMC Division supports both internal Group projects and external customers

by providing reliable concrete supply solutions that meet project specifications, quality requirements, and delivery timelines. The division's operational capabilities are supported by strategically located batching plants, a dedicated transportation fleet, and experienced technical and operational personnel, enabling efficient production and timely delivery to project sites.

The division offers a broad range of concrete grades and mix designs tailored to meet varying project and engineering requirements, including standard structural concrete, high-strength concrete, and customised mixes for specialised applications. Quality assurance remains a key operational priority, with continuous monitoring of raw materials, batching processes, and product consistency to ensure compliance with applicable industry standards and customer expectations.

During the financial year under review, the RMC Division recorded a significant operational turnaround and returned to profitability following prior-year challenges. The improvement was primarily driven by stronger operational discipline, tighter cost management, improved pricing strategies, enhanced production planning, and more effective resource utilisation. Management also continued to focus on improving margin sustainability by prioritising operational efficiency and strengthening commercial controls across the business.

The division continues to operate within a competitive and cost-sensitive market environment, particularly amid fluctuations in raw material prices, logistics costs, and overall construction sector demand. Nevertheless, the Group remains confident in the long-term prospects of the RMC business, supported by ongoing infrastructure development activities, recurring construction demand, and the Group's established market presence and industry relationships.

In line with the Group's broader sustainability and operational improvement initiatives, the RMC Division also continues to place emphasis on responsible operational practices, waste reduction initiatives, equipment maintenance programmes, and workplace safety standards. Management remains committed to further strengthening operational efficiency, improving plant utilisation rates, and enhancing overall service reliability to support long-term business sustainability.

Moving forward, the Group will continue to strengthen the RMC Division through operational optimisation, disciplined cost management, customer relationship development, and selective expansion opportunities aligned with market demand and the Group's strategic objectives. The division is expected to remain an important contributor to the Group's manufacturing segment and a key supporting pillar for its broader construction-related operations.

Management Discussion & Analysis (Contd.)



► HDPE Pipes Division

The HDPE Pipes Division forms part of QC Group's manufacturing segment and is principally involved in the production and supply of high-density polyethylene ("HDPE") piping solutions for water supply infrastructure, sewerage systems, industrial applications, telecommunications, and construction-related projects across Sarawak.

The division supports both public and private sector infrastructure developments by supplying durable, reliable, and cost-effective piping solutions that meet industry specifications and project requirements. Its products are widely utilised in water distribution systems, drainage infrastructure, utility networks, and other engineering applications due to the strength, flexibility, corrosion resistance, and long operational lifespan associated with HDPE materials.

The division's manufacturing operations are supported by dedicated production facilities equipped with extrusion technology, quality control systems, and experienced technical personnel to ensure consistent product quality and operational efficiency. The HDPE Pipes Division offers a range of pipe sizes and specifications designed to accommodate varying customer and project requirements, while maintaining compliance with applicable industry and regulatory standards.

As part of QC Group's integrated business model, the division also benefits from operational synergies with the Group's broader construction, infrastructure, and water-related activities. This enables the Group to provide more comprehensive project support capabilities while strengthening internal supply chain coordination and operational efficiency.

During the financial year under review, the HDPE Pipes Division recorded a significant improvement in performance, achieving higher profitability compared to the preceding financial year. The stronger results were primarily driven by improved production efficiency, strengthened cost management measures, enhanced operational planning, and more disciplined commercial

execution. Management also continued to focus on improving product margin sustainability through tighter procurement management, production optimisation, and more effective pricing strategies.

The HDPE Pipes Division remains an integral component of the Group's manufacturing operations and continues to play a supporting role in infrastructure, utility, and water-related development projects within the region. The division's improving financial and operational performance during the financial year reflects management's continued focus on operational discipline, manufacturing efficiency, and commercial sustainability.

Despite ongoing challenges arising from market competition, fluctuations in raw material prices, and broader economic uncertainties, the division has demonstrated greater operational resilience and improved earnings capability. Management will continue to prioritise production efficiency, quality assurance, customer support, and prudent cost management to strengthen the division's competitiveness and operational stability.

Looking ahead, the Group believes the long-term demand outlook for HDPE piping products remains positive, supported by continuing investments in public infrastructure, utilities expansion, and water supply development projects across Sarawak. The division is therefore expected to remain a meaningful contributor to the Group's manufacturing segment and overall long-term business growth strategy.



► Premix (Asphalt) Division

The Premix Division is an integral part of QC Group's manufacturing and infrastructure support operations, specialising in the production and supply of asphalt premix materials for road construction, pavement rehabilitation, and infrastructure development projects. The division primarily serves government agencies, contractors, and infrastructure developers involved in roadworks, highways, and municipal infrastructure projects across Sarawak.

Management Discussion & Analysis (Contd.)

The division's core operations involve the production of hot-mix asphalt designed to meet varying engineering specifications for road surfacing, including wearing course, binder course, and base course applications. Its products are utilised in both new road construction and maintenance works, supporting the Group's broader involvement in road infrastructure development and maintenance activities.

Production activities are supported by asphalt batching facilities equipped with mixing plants, material storage systems, and quality control laboratories to ensure consistency in mix design, temperature control, and material compliance. The division also maintains logistics capabilities to ensure timely delivery of premix materials to project sites, particularly for time-sensitive road paving operations where operational efficiency and material integrity are critical.

As part of QC Group's vertically integrated infrastructure business model, the Premix Division plays a strategic role in supporting the Group's road construction and maintenance activities. This internal synergy enhances project execution efficiency, reduces supply chain dependency, and improves cost control across related infrastructure works.

The establishment of this division is driven by four key strategic objectives:

- **Capture upstream margins** – By producing our own premix, the Group retains value that would otherwise flow to external asphalt suppliers, thereby enhancing overall project profitability.
- **Enable efficient delivery** – In-house production ensures timely and reliable supply of premix to the Group's road maintenance operations, reducing coordination delays and logistical inefficiencies.
- **Reduce dependency** – Vertical integration lowers reliance on third-party asphalt suppliers, mitigating exposure to supply chain disruptions, price volatility, and potential quality inconsistencies.
- **Pursue future growth opportunities** – The division positions the Group to actively participate in upcoming road construction projects, in line with Sarawak's continued focus on improving regional connectivity and facilitating the efficient movement of people and goods.

During the financial year under review, the Premix Division operated in a challenging and competitive environment, characterised by fluctuating bitumen prices, variable project scheduling, and persistent margin pressures within the construction materials sector. Notwithstanding these conditions, the division maintained stable operational performance, supported

by improved production planning, tighter cost control measures, and more disciplined procurement and inventory management practices.

The division continued to benefit from sustained demand driven by road upgrading and maintenance programmes, which remain key consumption drivers for asphalt premix. Management has also focused on enhancing plant utilisation, improving production efficiency, and strengthening quality consistency to meet increasingly stringent technical specifications and customer expectations.

The Premix Division remains strategically important within QC Group's vertically integrated infrastructure value chain, particularly in supporting the Group's road construction and maintenance activities. Its integration with downstream operations continues to enhance project coordination, supply reliability, and overall execution efficiency for roadworks undertaken by the Group.

The division operates in a market environment that is closely tied to public sector infrastructure rollout, where demand is largely influenced by project scheduling, funding cycles, and regional development priorities. At the same time, profitability remains sensitive to volatility in bitumen prices and competitive tendering conditions within the construction materials sector.

Against this backdrop, the Premix Division is expected to continue serving as a key internal supply base for the Group's infrastructure activities while selectively participating in external supply opportunities where commercially viable. Its focus will remain on maintaining operational stability, safeguarding cost competitiveness, and ensuring consistent production capability to support the Group's ongoing project delivery requirements.



► Timber Division

The Timber Division represents one of QCHB's foundational resource-based capabilities within the Group's integrated construction and manufacturing ecosystem. Its primary business activities comprise sawmilling operations and the manufacture of

Management Discussion & Analysis (Contd.)

downstream timber products, including wooden flooring, custom doors, and window frames. The division supports both internal Group requirements and selected external demand within the local construction and building materials market.

The division's operations are centred on the processing of timber logs into value-added products used in residential, commercial, and infrastructure developments. These include finished and semi-finished timber components that are utilised in building fit-out works, structural applications, and architectural finishing requirements. Timber products supplied by the division play a functional role in enhancing construction efficiency, quality, and design flexibility across project applications.

Operational activities are supported by established processing facilities, equipment for sawmilling and fabrication, and experienced technical personnel overseeing production and quality control. The division also maintains coordination with procurement and logistics functions to ensure continuity of raw material supply and timely delivery of finished products to meet project schedules and customer requirements.

In recent years, the Timber Division has faced significant challenges, including a sustained slowdown in export markets and increasing difficulty in sourcing quality timber logs. These structural constraints have materially impacted the division's traditional export-led business model and reduced the long-term viability of expansion in external markets.

In response, QCHB has strategically repositioned the Timber Division toward internal demand capture, right-sized processing capacity, and disciplined cost management. This realignment reflects a more sustainable operating model aligned with current market realities, ensuring that production capacity is appropriately matched to available demand while maintaining operational efficiency and financial discipline.

As a result, the Timber Division is no longer positioned for export-led growth. However, it remains a stable, asset-backed, and ESG-aligned business unit that continues to serve as a reliable supporting function within the Group. Its current focus is centred on fulfilling internal construction-related requirements and selected domestic market demand, while operating within a constrained and resource-challenged environment.

During the financial year under review, the division continued to operate under pressure from limited raw material availability, timber price volatility, and tightening environmental and regulatory requirements. Despite these challenges, performance remained stable, supported by improved production planning, tighter inventory management, and stronger alignment with internal project-driven demand.

Management remains focused on strengthening operational efficiency, enhancing cost control, and ensuring responsible sourcing practices across the supply chain. Efforts continue to be directed toward improving yield optimisation, reducing production wastage, and maintaining consistent product quality in line with customer expectations and project specifications.

Looking ahead, the Timber Division is expected to maintain its role as a stabilised and internally focused business unit within QC Group's construction ecosystem. While external market conditions remain constrained, the division continues to provide value through supply chain support, cost efficiency, and operational integration with the Group's core construction activities.

The management will continue to prioritise disciplined capacity management, operational sustainability, and procurement efficiency to ensure the Timber Division remains a resilient and supportive component of QC Group's integrated business model.



► Property Development Division

The Property Development Division represents a strategic long-term business segment within QC Group, supported by a substantial land bank of approximately 200 acres strategically located in key growth corridors across Kuching, Sarawak, and Johor Bahru, Peninsular Malaysia. These locations position the Group to participate in two of Malaysia's most dynamic and fundamentally different property markets, each offering distinct growth drivers and development opportunities.

In Kuching, the Group benefits from steady urban expansion, infrastructure spillover effects from ongoing government development initiatives, and increasing demand for quality residential and mixed-use developments. The market is characterised by stable population growth and gradual but sustained property demand, particularly for well-planned developments that align with improving infrastructure connectivity and urbanisation trends.

Management Discussion & Analysis (Contd.)

In Johor Bahru, the Group's land holdings are strategically located within a more industrialised and rapidly evolving market, supported by proximity to Singapore, major cross-border economic activity, and continued transport infrastructure investments such as the Rapid Transit System (RTS) Link. While offering larger market scale and stronger cross-border demand potential, the Johor property market is also more competitive and cyclical, particularly across residential and industrial segments.

Collectively, this land bank represents a significant long-term asset base with dual strategic optionality—either to be progressively developed over time in line with market demand or retained for capital appreciation depending on prevailing market conditions and optimal timing considerations.

In recent years, the Property Development Division has remained largely inactive as the Group strategically prioritised its Construction Division as the primary driver of revenue and operational focus. During this period, management deliberately directed capital allocation, resources, and organisational attention toward the execution of government and private infrastructure projects, the expansion of materials-related divisions (including RMC, HDPE, Premix, and Timber), and the strengthening of vertical integration across the Group's construction value chain. This disciplined approach reflects prudent capital allocation and a strategic focus on reinforcing core operational capabilities rather than a limitation in development potential or land resources.

While the current property market appears active, the Group recognises increasing evidence of structural imbalance in certain segments. These include elevated levels of new project launches, intensified competition among developers, moderating absorption rates leading to longer sales cycles, and softer rental yields which have reduced investor appetite in selected segments. Oversupply conditions are particularly evident in certain high-rise residential and commercial shop office categories, where market saturation has resulted in heightened competition and pricing pressure.

In this environment, successful property development is increasingly defined not by land availability alone, but by the ability to deliver differentiated products aligned with genuine end-user demand. The Group recognises that key success factors include appropriate product mix and development typology, selection of locations within proven or emerging growth corridors supported by infrastructure, and the ability to maintain price competitiveness while preserving profitability. In this regard, QC Group's in-house construction capabilities provide a structural cost advantage that enhances development feasibility and margin resilience.

Equally important are design quality, execution capability, and post-completion management, which are becoming key differentiators in a market increasingly saturated with homogeneous offerings. Developments that deliver functional design, quality construction, and long-term liability are expected to outperform undifferentiated projects that compete primarily on price.

Given these considerations, the Group adopts a disciplined and selective approach toward future property development activities. The Property Development Division will only be actively re-initiated when there is clear alignment between product positioning, market demand, location fundamentals, and pricing conditions that support sustainable returns. This ensures that future developments are undertaken on a commercially viable and strategically sound basis, consistent with the Group's broader focus on capital efficiency and long-term value creation.



► Construction Division

The Construction Division is a core contributor to QC Group's financial performance and remains the principal driver of revenue within the Group's diversified business portfolio. During the financial year under review, the division contributed approximately 34% of the Group's total revenue, underscoring its continued importance as the Group's current engine of top-line growth and operational execution capability.

The division's core activities encompass civil engineering and infrastructure works, including road construction, bridges and structural works, as well as residential and public housing developments. It serves a broad client base comprising government agencies and private sector developers, with a strong emphasis on delivering infrastructure solutions that meet technical specifications, quality standards, and project timelines.

During the financial year, the Construction Division achieved steady operational progress despite a challenging operating environment characterised by cost

Management Discussion & Analysis (Contd.)

pressures, project execution risks, and competitive tender conditions. For the existing projects in hand, the division has successfully completed one housing development project during the period while two infrastructure projects are on track for completion in the first half of the next financial year. These projects are progressing in line with revised work programmes and reflect the division's strengthened project planning, execution discipline, and on-site management capabilities. Management continues to closely monitor project performance to ensure timely delivery, cost control, and compliance with contractual obligations.

As part of QC Group's integrated construction ecosystem, the Construction Division benefits significantly from internal synergies with the Group's materials-related businesses, including ready-mixed concrete, HDPE pipes, premix, and timber divisions. This vertical integration enhances supply chain reliability, improves cost efficiency, and supports greater control over construction inputs, thereby strengthening overall project delivery capability.

The division continues to operate in a competitive tender-driven market environment, where pricing discipline, project risk management, and execution efficiency remain critical to sustainable performance. In response, management has placed increased emphasis on tighter project controls, improved contract administration, and enhanced risk mitigation practices to safeguard margins and ensure delivery certainty.

During the year, the division also continued to strengthen its operational framework through improved project monitoring systems, better coordination between project teams, and more structured cost tracking mechanisms. These initiatives are aimed at improving execution visibility, reducing project variances, and enhancing overall profitability of construction activities.

The Construction Division is expected to remain a key pillar of QC Group's revenue base, supported by a steady pipeline of ongoing infrastructure and building projects. While the industry continues to face challenges such as fluctuating material costs and competitive tendering conditions, the division's established track record, technical capabilities, and integrated supply chain position it well to sustain its role as the Group's primary revenue contributor.

Moving forward, management will continue to focus on disciplined project execution, strengthened risk management, and enhanced cost control to ensure sustainable performance. The Construction Division will remain central to QC Group's growth strategy, supported by its ability to leverage internal synergies across the Group's manufacturing and materials divisions to improve competitiveness and delivery efficiency.



► Road Maintenance Division

The Road Maintenance Division is a key operational arm of QC Group and plays a critical role in ensuring the continuous upkeep, safety, and serviceability of public road infrastructure under long-term concession arrangements. The division is primarily engaged in routine and periodic maintenance works, including pavement repairs, resurfacing, drainage maintenance, slope works, vegetation control, and general road safety management.

The division operates under structured, long-term maintenance contracts, which provide a stable and recurring revenue base for the Group. These contracts typically cover defined road networks and require the division to ensure that all assigned road assets are maintained in accordance with specified service levels, technical standards, and regulatory requirements. As such, the division plays an important role in supporting public infrastructure sustainability and ensuring uninterrupted connectivity for communities and economic activities.

During the financial year under review, the Road Maintenance Division continued to deliver strong operational performance, supported by consistent execution, disciplined cost management, and effective deployment of maintenance resources. The division remained a stable and reliable contributor to the Group's earnings, benefiting from the recurring nature of maintenance works and the predictability of contract-based revenue streams.

Operational activities are supported by dedicated maintenance teams, plant and equipment resources, and coordinated scheduling systems to ensure timely response to maintenance requirements. The division also benefits from close operational coordination with QC Group's materials divisions, particularly in the supply of premix and ready-mixed concrete for road resurfacing and repair works, as well as HDPE products for drainage and utility-related maintenance activities. This integrated structure enhances response time for

Management Discussion & Analysis (Contd.)

maintenance interventions, improves cost efficiency in material procurement, and supports consistent delivery of required service standards across the maintained road network.

Throughout the year, management continued to emphasise operational efficiency, service level compliance, and cost optimisation. Greater focus was placed on preventive maintenance planning, improved resource allocation, and more structured work scheduling to enhance productivity and reduce reactive maintenance costs. These initiatives have contributed to improved execution efficiency and more consistent service delivery across the maintained road network.

The division operates in a highly regulated environment, where performance is closely monitored based on compliance with contractual service standards and key performance indicators (KPIs) set by relevant authorities. As such, strong emphasis is placed on safety,

quality assurance, and timely response to maintenance requirements, particularly in addressing road defects and ensuring user safety.

Looking ahead, the Road Maintenance Division is expected to remain one of QC Group's most stable and resilient business segments, underpinned by its long-term contractual structure and recurring revenue profile. While cost pressures and operational demands may fluctuate over time, the essential nature of road maintenance services provides a consistent foundation for earnings stability and cash flow generation.

The Division will continue to focus on ensuring consistent service delivery in accordance with contractual requirements and applicable service standards. Its operational priorities remain centred on maintaining road asset conditions, responding efficiently to maintenance requirements, and supporting the overall reliability and safety of the concessioned road network under its care.

► Outlook and Strategic Direction for FYE2027

As the Group enters the financial year ending 31 January 2027, QC Group remains firmly committed to a strategy anchored on disciplined execution, operational excellence, and prudent, value-accretive growth. In a market environment characterised by cost pressures, competitive tendering, and sectoral oversupply in selected segments, the Group's strategic direction is intentionally calibrated to prioritise resilience over expansion for its own sake, and sustainable value creation over speculative participation.

A key principle guiding FYE 2027 is the deliberate avoidance of speculative developments and market-driven overexpansion, particularly in segments where oversupply conditions remain evident. Instead, the Group will continue to focus on opportunities that are supported by clear demand fundamentals, rigorous feasibility assessment, and alignment with long-term infrastructure and development priorities. This disciplined approach ensures that capital deployment is selective, commercially sound, and capable of generating sustainable returns.

The Group's core growth engine will continue to be the Construction Division, which will remain the principal contributor to revenue and project execution capability. In parallel, the Group will further strengthen its vertically integrated operating model, leveraging its in-house capabilities in Ready-Mixed Concrete (RMC), High-Density Polyethylene (HDPE) pipes, premix, and timber to enhance project efficiency, reduce dependency on external suppliers, and improve overall cost competitiveness. This integrated structure remains central to improving execution speed, quality control, and margin resilience across infrastructure projects.

The Road Maintenance Division will continue to play a stabilising role within the Group, underpinned by its long-term contractual framework and recurring revenue base. With the support of the Group's in-house premix production capability, the division is expected to enhance its responsiveness to maintenance requirements, strengthen service reliability, and further consolidate its position as a dependable provider of essential infrastructure upkeep services.

The Premix Division is expected to evolve into a more self-sustaining operational unit, with increased emphasis on production efficiency, plant optimisation, and customer service reliability. Its role within the Group will continue to be strategically important in supporting both internal consumption requirements and selected external demand, while maintaining disciplined cost management and operational focus.

The Timber Division will continue its ongoing right-sizing strategy, with a focus on operational sustainability, waste minimisation, and value recovery. Given the structural challenges in external timber markets and raw material sourcing constraints, the division will remain primarily internally oriented, supporting the Group's construction activities while maintaining a lean and efficient cost structure. Sustainability considerations, including responsible sourcing and efficient resource utilisation, will remain key operational priorities.

Management Discussion & Analysis (Contd.)

The Property Development Division will maintain a deliberately patient and opportunistic stance, with no immediate large-scale development rollout planned. The Group will continue to preserve and safeguard its approximately 200-acre strategic land bank across Kuching and Johor Bahru, while awaiting more favourable market conditions. Future development activities will only be initiated when there is clear alignment between product positioning, demand fundamentals, location strength, and pricing viability, supported by the Group's internal construction cost advantage.

Overall, the strategic pathway for FYE 2027 is defined by clarity of focus and operational discipline. The Group will concentrate on execution excellence, cost efficiency, and value creation through its integrated business model, while maintaining prudent financial management and selective capital deployment. By strengthening internal capabilities and leveraging synergies across its divisions, QC Group is positioned to enhance resilience, improve earnings stability, and build a stronger foundation for long-term sustainable growth.

This approach reflects the core philosophy of the Group—disciplined growth, operational integrity, and long-term stakeholder value creation—ensuring that QC Group continues to progress in a measured and sustainable manner in the years ahead.

This section provides an analysis of our performance across these core segments, outlines the key factors impacting our results and highlights our strategic initiatives moving forward.

► Financial Position Analysis

	31 January 2026 RM'000	31 January 2025 RM'000	Variance %
Non-current assets	104,353	108,297	(3.64)
Current assets	166,048	154,446	7.51
Total assets	270,401	262,743	2.91
Total Equity	72,921	81,958	(11.03)
Non-current liabilities	8,514	11,310	(24.72)
Current liabilities	188,966	169,475	11.50
Total liabilities	197,480	180,785	9.23

As at 31 January 2026, the Group recorded total assets of RM270.4 million, representing an increase of RM7.7 million or 2.9% compared to RM262.7 million in the preceding financial year. This growth in the Group's asset base was primarily driven by a significant increase in current assets, reflecting higher working capital requirements arising from increased operational and project activities during the year.

Non-current assets decreased marginally by RM3.9 million or 3.6% to RM104.4 million (2025: RM108.3 million). The relatively small decline indicates that the Group has largely maintained its investment in long-term assets, with depreciation charges being substantially offset by ongoing asset replacement and capital expenditure. This reflects a stable asset base that continues to support the Group's operations and future growth.

In contrast, current assets increased by RM11.6 million or 7.5%, rising to RM166 million (2025: RM154.4 million). The increase was mainly attributable to higher trade receivables, contract assets, and other project-related balances resulting from increased construction and manufacturing activities during the financial year. The growth in current assets demonstrates the Group's higher level of operational activity and increased resources committed to ongoing projects.

On the equity side, total equity of the Company declined by RM9.1 million or 11.0%, from RM82.0 million to RM72.9 million. The reduction was primarily due to losses incurred during the financial year, which reduced accumulated earnings. Nevertheless, the Group continues to maintain a positive shareholders' equity position, providing a reasonable capital base to support its business operations.

Total liabilities increased by RM16.7 million or 9.2% to RM197.5 million (2025: RM180.8 million). The increase was mainly driven by the growth in current liabilities, which rose by RM19.5 million or 11.5% to RM189.0 million. The increase in current liabilities outpaced the growth in current assets and indicates a greater reliance on short-term funding and supplier credit to support the higher volume of operational activities and project execution during the year. The increase was likely attributable to higher trade payables, accrued expenses, and contract-related obligations arising from ongoing projects.

Management Discussion & Analysis (Contd.)

Non-current liabilities decreased by RM2.8 million or 24.7%, from RM11.3 million to RM8.5 million, mainly due to scheduled repayments of long-term borrowings and other non-current obligations. This reduction reflects the Group's continued efforts to manage and reduce its long-term debt commitments.

Overall, the Group's financial position reflects a period of increased operational activity and business expansion, as evidenced by the substantial growth in both current assets and current liabilities. While the increase in assets strengthened the Group's overall asset base, the higher growth in liabilities relative to equity indicates continued pressure on the Group's capital structure and liquidity management. The decline in equity attributable to losses incurred during the year further underscores the importance of restoring profitability and strengthening internal capital generation.

Moving forward, management continue to focus on improving project margins, accelerating the collection of receivables, optimising working capital management, and strengthening cash flow generation. Given the increase in short-term obligations, particular attention should be placed on liquidity management and debt servicing capacity to ensure the Group maintains financial flexibility while supporting future growth opportunities.

► Financial Performance Review

	31 January 2026 RM'000	31 January 2025 RM'000	Variance %
Revenue	190,498	155,822	22.3
Gross Profit	12,159	12,586	(3.4)
Other income	2,142	5,991	(64.2)
Other operating expenses	(16,908)	(17,445)	(3.1)
Loss before taxation	(9,233)	(4,890)	88.8
Loss for year	(8,883)	(6,944)	27.9

► Revenue Breakdown by sectors and segment

	31 January 2026 RM'000	31 January 2025 RM'000	Variance %
Manufacturing			
- Ready-Mixed concrete	37,215	35,864	3.8
- HDPE & M-PVC pipes	34,029	19,619	73.4
- Timber products	5,724	4,262	34.3
- Premixed	1,219	30	>100
- Others	5	2	>100
	78,192	59,777	30.8
Construction contract	64,112	50,065	28.1
Road maintenance	45,959	44,397	3.5
Property development	35	-	>100
Trading	2,200	1,583	39.0
Total Revenue	190,498	155,822	22.3

► Revenue Performance

For the financial year ended 31 January 2026, the Group recorded total revenue of RM190.5 million, representing an increase of RM34.7 million or 22.3% compared to RM155.8 million in the preceding financial year. The improved performance was broad-based, driven by stronger contributions from both the Manufacturing and Construction segments, supported by stable performance from Road Maintenance activities and growth in trading-related income.

The Manufacturing Division remained a significant contributor to the Group's revenue, recording a total revenue of RM78.2 million, an increase of RM18.4 million or 30.8% compared to RM59.8 million in the previous financial year. The growth was primarily driven by the HDPE & M-PVC Pipes segment, which recorded a substantial increase of 73.4% to RM34 million (2025: RM19.6 million). This performance reflects increased demand from infrastructure and utility projects, coupled with improved market penetration and sales volumes.

Management Discussion & Analysis (Contd.)

The Ready-Mixed Concrete (RMC) segment continued to provide a stable revenue stream, recording revenue of RM37.2 million, representing a moderate increase of 3.8% compared to RM35.9 million in the preceding year. The growth was supported by ongoing construction activities and internal demand from the Group's construction projects. Meanwhile, the Timber Products segment achieved revenue of RM5.7 million, an increase of 34.2% from RM4.3 million, reflecting improved sales performance and stronger market demand. The Premix segment also recorded revenue of RM1.2 million compared to RM0.03 million in the previous year, reflecting a significant expansion in production and utilisation.

The Construction Contract Division recorded the strongest absolute growth among the Group's business segments, with revenue increasing by RM14 million or 28.1% to RM64.1 million (2025: RM50.1 million). The improvement was mainly attributable to increased progress billings and accelerated execution of ongoing infrastructure and civil engineering projects during the financial year. The division remained the Group's largest revenue contributor, accounting for approximately 34% of total revenue, highlighting the continued importance of construction activities to the Group's overall performance.

The Road Maintenance Division continued to provide a stable and recurring source of revenue, increasing by 3.5% to RM46.0 million (2025: RM44.4 million). The division's performance reflects the long-term nature of maintenance contracts, which provide predictable cash flows and contribute to the Group's earnings stability despite fluctuations in the broader construction market.

Trading activities also recorded positive growth, with revenue increasing by 39.0% to approximately RM2.2 million (2025: RM1.6 million). The increase was driven by higher sales of construction-related materials and ancillary products, supporting both external customers and internal project requirements.

The Property Development segment recorded no revenue during the financial year, as the Group continued its deliberate strategic focus on infrastructure, construction, and manufacturing activities, while preserving its land bank for future development opportunities.

Overall, the Group's revenue performance for the financial year reflects strong underlying operational momentum, driven by increased manufacturing output and higher construction activity, supported by the stability of road maintenance operations. The growth across key divisions demonstrates the effectiveness of the Group's integrated business model, which enables internal synergies and enhances execution capability across its infrastructure value chain.

Moving forward, management remains focused on sustaining revenue growth through disciplined project execution, expansion of manufacturing capabilities, and optimisation of internal synergies across divisions, while maintaining a prudent approach to market risks and capital allocation.

► Gross Profit

Gross profit decreased to RM12.2 million, representing a decline of RM0.4 million or 3.4% compared to RM12.6 million in the previous year. Despite the strong revenue growth of 22.3%, gross profit declined, indicating continued margin pressure across the Group's operating segments.

The reduction was mainly driven by higher direct costs and margin compression in both the Manufacturing and Construction divisions, particularly due to fluctuations in raw material prices, competitive pricing pressure, and project-specific cost variations. These factors offset the benefits derived from higher production volumes and increased operational activity during the year.

As a result, overall gross profitability weakened, reflecting challenges in converting higher revenue into improved margins.

► Other Income

Other income decreased significantly to RM2.1 million, a reduction of RM3.9 million or 64.2% compared to RM6.0 million in the preceding year. The decline was primarily due to the absence of non-recurring income items recorded in the prior financial year.

The previous year included one-off gains and exceptional recoveries which were not repeated in FY2026. Excluding these items, underlying other income remained relatively stable, mainly comprising interest income and miscellaneous operational receipts.

This sharp decline in other income had a material adverse impact on the Group's overall profitability for the year.

Management Discussion & Analysis (Contd.)

► Other Operating Expenses

Other operating expenses decreased to RM16.9 million, a reduction of RM0.5 million or 3.1% compared to RM17.5 million in the previous financial year. This reflects improved cost control measures across the Group, including tighter management of administrative expenses and better operational efficiency.

However, the savings achieved were partially offset by ongoing operational requirements, including manpower costs, maintenance expenses, and overheads associated with active project execution across multiple divisions.

Overall, the Group maintained a relatively stable cost base despite higher revenue activity during the year.

► Loss Before Taxation

The Group recorded a loss before taxation of RM9.2 million, compared to RM4.9 million in the previous year, representing an increase in loss of 88.8%. The deterioration was mainly due to lower other income and continued margin compression, despite revenue growth.

Higher project-related costs and competitive pricing conditions in key operating segments further contributed to the weaker performance. The Construction Division, in particular, continued to experience margin pressure from project-specific cost variations.

► Loss for the Year

The Group recorded a net loss of RM8.9 million, compared to RM6.9 million in the preceding financial year, representing an increase of 27.9%. The increase in loss was driven primarily by reduced other income and lower gross profitability, partially offset by controlled operating expenses.

► Overall Assessment

Overall, the Group's financial performance for the financial year ended 31 January 2026 reflects a transitional phase in which strong revenue growth has not yet fully translated into improved profitability. The Group achieved a significant increase in revenue to RM190.5 million, driven by higher activity levels across the Manufacturing and Construction divisions, supported by stable contributions from Road Maintenance operations. This demonstrates that underlying business momentum has strengthened, particularly in core operational segments where execution activity and market demand have improved during the year.

However, despite the encouraging top-line performance, profitability remained under pressure. The Group recorded a higher loss before taxation of RM9.2 million compared to RM4.9 million in the previous financial year, mainly due to a substantial reduction in other income and continued margin constraints across selected divisions. The decline in other income, which included the absence of prior-year non-recurring items, had a material impact on overall results. At the same time, gross profit growth was relatively modest compared to revenue expansion, indicating that cost pressures, competitive pricing conditions, and project-specific margin compression continued to affect overall profitability.

Nevertheless, the Group's operating cost base remained broadly stable, reflecting continued discipline in managing administrative and overhead expenses despite higher operational activity. This indicates that the Group has been able to contain cost escalation even as business volume increased, which provides a stronger foundation for future margin recovery when supported by improved pricing and operational efficiencies.

Importantly, the results should be viewed in the context of a strengthening operational platform. The increase in revenue, particularly from Manufacturing and Construction activities, reflects improved execution capability and growing internal synergies across the Group's vertically integrated structure. While these improvements have yet to fully translate into profit expansion, they indicate that the Group is rebuilding operational scale and positioning itself for improved earnings quality in the medium term.

Looking ahead, management remains focused on closing the gap between revenue growth and profitability through enhanced cost control, improved project execution discipline, and stronger pricing management across divisions. With the operational foundation strengthening and revenue momentum improving, the Group is positioned to progressively enhance earnings performance as efficiency gains and internal synergies are further realised.

Directors' Profile



Mr. Tiang Ching Kok was appointed to the Board on 2 January 2002. He graduated with a Bachelor of Commerce degree from Deakin University, Australia in 1996 and joined Earthmover Group of Companies in 1996 as Executive Director and was responsible for the overall management of the group. His valuable management experience in sawmilling and logging activities is an asset to QC Group as one of QCHB's subsidiaries, Lee Ling Timber Products Sdn. Bhd., is also involved in the timber business. Mr. Tiang is also a director to all of the QCHB's subsidiaries. He has no other personal interest in any business arrangement involving the Company, except for those disclosed on pages 130 to 132 of this Annual Report. He attended all the four (4) Board Meetings held in the financial year ended 31 January 2026. He has no convictions for any offences within the past 5 years.



Mr. Paul Chiam was appointed to the Board on 18 June 2020. He holds a Master of Business Administration from Heriot-Watt University, UK and is a qualified member of Malaysian Institute of Accountants, CPA Australia and Chartered Tax Institute of Malaysia. He joined Quality Concrete Holdings Berhad ("QCHB") as Group Finance Manager on 7th January 2005 and was later promoted to the role of both Group General Manager and Chief Financial Officer. Prior to joining QCHB he has worked in an international accounting firm for more than 8 years with extensive experience in audit and also various corporate exercises such Merger and Acquisition, Corporate Privatisation and Initial Public Offer. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He has attended all four (4) Board Meetings held in the financial year ended 31 January 2026. He has no convictions for any offences within the past 5 years.



Ir. Peter Ha was appointed to the Board on 29 October 2012 as an Independent Non-Executive Director. He was redesignated as Non-Independent Non-Executive Director on 12 May 2022. He obtained his Master degree in Engineering Science in Civil Engineering from University of New South Wales in 1993 majoring in structural engineering. He is a qualified engineer and member of the Institution of Engineers Malaysia. Mr Ha has more than 23 years of experience in civil engineering works especially in the design of bridges and has involved in various bridge construction projects in Sarawak. Currently, he is a Director of a construction company and also the Principal of Peter Ha Consulting firm. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He attended all the four (4) Board Meetings held in the financial year ended 31 January 2026. He has no convictions for any offences within the past 5 years.

Directors' Profile (Contd.)



**PANG
KIM SOO**

*Independent
Non-Executive
Director*

*Aged 69
Male
Malaysian*

Member of Audit Committee

Chairman of Remuneration
& Nomination Committee



**FELIX WONG
KHUNG CHUI**

*Independent
Non-Executive
Director*

*Aged 55
Male
Malaysian*

Chairman of Audit Committee

Member of Remuneration
& Nomination Committee



**LYNDA CHONG
HUI LYN**

*Independent
Non-Executive
Director*

*Aged 45
Female
Malaysian*

Member of Audit Committee

Member of Remuneration
& Nomination Committee

Mr. Pang Kim Soo was appointed to the Board on 2 September 2014. Mr Pang obtained his Bachelor of Science in Building from the University of South Bank, (formerly known as Polytechnic of South Bank) United Kingdom in 1981. He has extensive experience in the building industry having involved in it for the past 30 years. He is also the shareholder and executive director of several companies that are in trading, property development and services activities. Mr Pang has also previously served in Majlis Bandaraya Kuching Sarawak ("MBKS") as a councilor and advisor for 12 years. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He has attended all the four (4) Board Meetings held in the financial year ended 31 January 2026. He has no convictions for any offences within the past 5 years.

Mr. Felix Wong was appointed to the Board on 20 April 2018. Mr Felix Wong graduated from Monash University, Melbourne, Australia with a degree in Bachelor of Commerce majoring in Accounting. He is a qualified member of Malaysia Institute of Accountants, CPA Australia, Malaysian Institute of Certified Public Accountant and Chartered Tax Institute of Malaysia. He has been in public practice for more than 23 years mostly dealing with matters pertaining to audit and tax. Currently, Mr. Felix Wong is the managing partner of Felix Wong & Co., an approved licensed audit firm. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He has attended all four (4) Board Meetings held in the financial year ended 31 January 2026. He has no convictions for any offences within the past 5 years.

Ms. Lynda Chong was appointed to the Board on 18 June 2020. She graduated from the University of Portsmouth in year 2003 with BEng Civil Engineering degree. She is a registered PEng with Board of Engineers Malaysia and also a member of the Institution of Engineers Malaysia. Ms Lynda Chong brings with her 20 years of experience in civil engineering works in the field of design and construction of roadworks and drainage. She started her career as a Design Engineer with a local engineering firm for 5 years before took up a position with Bolton Hennessy Sdn Bhd in Brunei where she was later promoted to the rank of Associate. Currently, she is the Director of Jurutera Perunding Lyn and also the shareholder and director of Jurutera Perunding Promanag Sdn Bhd. She does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. She has attended all four (4) Board Meetings held in the financial year ended 31 January 2026. She has no convictions for any offences within the past 5 years.

Profile of Key Management

DAVID GOH HONG CHIANG

Group Chief Operating Officer
Aged 57 ▶ Male ▶ Malaysian

Mr. David Goh graduated with a Bachelor Degree in Economics at Macquarie University, Australia. He began his career as an Officer with Arab-Malaysian Finance Bhd. He joined QCHB in May 1999, and was promoted to Group Chief Operating Officer on 2nd January 2006. He is the brother in law to Mr Tiang Ching Kok, the Managing Director of QCHB. He has no convictions for any offences within the past 5 years.

IR. LAU KIING CHUONG

General Manager, Property Division
Aged 74 ▶ Male ▶ Malaysian

Ir. Lau Kiing Chuong graduated with a Bachelor of Civil Engineering Degree from University of Roorke, India. He is a Professional Engineer to the Board of Engineers Malaysia and also member of Institute of Engineers, Malaysia. He was appointed as General Manager of the Property Development Division on 1st December 2002. He has vast experiences in the construction and civil works having been involved in various residential and commercial development project, and infrastructure work. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

TIANG CHING WHU

General Manager, Timber Division
Aged 55 ▶ Male ▶ Malaysian

Mr Tiang Ching Whu graduated with a degree in Marketing & Finance from Curtin University, Australia. He joined the Company in 1997 as Marketing Executive to prepare yearly and other periodic marketing plan. He is also assisting General Manager in carrying out marketing strategies and undertake market research on competitor's products. In September 2007, he was promoted to General Manager to oversee the operations of the company. He is also responsible for marketing to develop sales and marketing strategies for the company, analyse the current market trends and result, production planning and determine manpower, equipment and raw materials needed to cover production demand. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

WONG TECK FONG

*Project Manager Cum Operation Manager,
Road Maintenance Division*
Aged 51 ▶ Male ▶ Malaysian

Mr. Wong Teck Fong graduated with a Degree in Civil Engineering from The University of Birmingham, United Kingdom in year 1998. He is a member of Institute Engineering Malaysia and also a Graduate Engineer with Board of Engineer Malaysia. He joined QCCE AND ASAS ULUNG JV SDN BHD in January 2023 as Project Manager cum Operation Manager. He has over 24 years of experience in the construction industry involving roads, road maintenance, building, pipe-laying, sewerage and drainage. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

LING KIENG KING

General Manager, Ready Mixed Concrete Division
Aged 53 ▶ Male ▶ Malaysian

Mr. Ling Kieng King graduated with a degree in Business Management in Iowa Wesleyan University, USA. He joined Quality Concrete Sdn. Bhd. In 2017 as a procurement manager and was promoted to General Manager in year 2020. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

LEI KO HOO

Contract Manager, Construction Division
Aged 53 ▶ Male ▶ Malaysian

Mr. Lei Ko Hoo graduated with a certificate in Quantity Surveying from Tunku Abdul Rahman College, Kuala Lumpur in 1995. He has over 25 years of experience in the construction industry involving building and infrastructure projects. He joined QC Construction & Engineering Sdn Bhd in 2011. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

Profile of Key Management (Contd.)

KUAN YUNG CHIEN

Group Accountant

Aged 43 ▶ Male ▶ Malaysian

Mr. Kuan Yung Chien is a member of Malaysian Institute Of Accountants. He is also a fellow member of Association of Chartered Certified Accountants (UK). He joined Quality Concrete Holdings Berhad in 2008. He does not have any family relationship with any director and/or major shareholder of QCHB. He has no convictions for any offences within the past 5 years.

LIM YIEN PIING

Group Internal Auditor

Aged 35 ▶ Female ▶ Malaysian

Ms. Lim Yien Piing holds a Bachelor of Accounting degree from the University Malaysia Sabah (UMS) and is a member of the Malaysian Institute of Accountants (MIA). She has been with QC Group for the past eight years and possesses over 11 years of professional experience in external auditing and accounting across various industries. Her diverse background has equipped her with extensive expertise in financial reporting, audit assurance, compliance, and accounting operations. She does not have any family relationship with any director and/or major shareholder of QCHB. She has no convictions for any offences within the past 5 years.



Audit Committee Report

The Board of Directors of Quality Concrete Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 January 2026.

The Audit Committee was established by a resolution of the Board on 7 October 1996.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 31 January 2026, the Audit Committee held a total of four (4) meetings.

Name	Status of directorship	Independent	Attendance of meetings
Felix Wong Kung Chui	Independent Non-Executive Director	Yes	Attended 4 out of 4 meetings held
Pang Kim Soo	Independent Non-Executive Director	Yes	Attended 4 out of 4 meetings held
Lynda Chong Hui Lyn	Independent Non-Executive Director	Yes	Attended 4 out of 4 meetings held

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive directors. The majority of the Committee members shall be independent directors with at least one of whom shall be a member of the Malaysian Institute of Accountants or a member who fulfils the requirements stated in Paragraph 15.09 (1) (c) (ii) and Practice Note No. 13/2002, (Paragraph 7) of the listing requirements of the Bursa Malaysia Securities. The Chairman of the Audit Committee shall be an independent non-executive director appointed by the Board.

No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years.

Meetings and minutes

Meetings shall be held not less than four (4) times a year and the Group Executive Director, Group Internal Auditor and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon the invitation of the Audit Committee. At least once a year, the Audit Committee shall meet the external auditors without any executive directors present. A quorum shall be two (2) members present and a majority of whom must be independent directors. Minutes of each meeting shall be kept and distributed to each number of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board. The Secretary to the Audit Committee shall be the Company Secretary.

Audit Committee Report (Contd.)

Authority

In carrying out their duties and responsibilities, the Audit Committee shall have the authority:

- i. to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- ii. to have the resources which are required to perform its duties and to obtain independent professional or other advice it deems necessary;
- iii. to have full and unrestricted access to information pertaining to the Company and the Group;
- iv. to have direct communication channels with the internal and external auditors; and
- v. to obtain external legal or other independent professional advice as necessary.

Notwithstanding anything to the contrary hereinbefore stated, the Audit Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

Responsibility

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities, the Audit Committee has the responsibility to promptly report such matter to the Bursa Malaysia Securities Berhad.

REVIEW OF THE COMPOSITION OF THE AUDIT COMMITTEE

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board of Directors annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Key Functions and Duties

The key functions and duties of the Audit Committee are:

- i. to consider the appointment, resignation and dismissal of external auditors and the audit fee;
- ii. to review the nature and scope of the audit with the internal and external auditors before the audit commences;
- iii. to review the quarterly and annual financial statements of the Company and the Group focusing on the matters set out below, and thereafter to submit them to the Board:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and regulatory requirements.
- iv. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;

Audit Committee Report (Contd.)

- v. to review the audit reports prepared by the internal and external auditors, the major findings and management's responses thereto;
- vi. to review the adequacy of the scope, functions and resources of the internal and management audit department and whether it has the necessary authority to carry out its work;
- vii. to consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- viii. to review any appraisal or assessment of the performance of executive(s) in the internal and management audit department;
- ix. to approve any appointment or termination of senior executive(s) in the internal and management audit department;
- x. to be informed of any resignation of executives in the internal and management audit department and to provide the resigning executive an opportunity to submit his/her reason for resignation;
- xi. to review the evaluation of the systems of internal control with the auditors;
- xii. to review the assistance given by the Company's and the Group's employees to the auditors;
- xiii. to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient; and
- xiv. any such other functions as may be agreed to by the Audit Committee and the Board.

ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the year ended 31 January 2026 in the discharge of its functions and duties:

- i. review of the audit plans for the year for the Company and the Group prepared by the internal and external auditors;
- ii. review of the audit reports for the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto;
- iii. review of the quarterly and annual reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- iv. review of the disclosure on related party transactions entered into by the Company and the Group in the annual report of the Company;
- v. review of the Circular to shareholders in relation to the General Mandate for recurring related party transactions before recommending it for the Board of Directors' approval;
- vi. commissioning of special reviews on specific areas of financial operations of the Group; and
- vii. meet with the external auditors in the absence of management except the Company Secretary.

Audit Committee Report (Contd.)

INTERNAL AUDIT FUNCTIONS

The Company has an Internal and Management Audit Department whose principal responsibility is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. The Department is also responsible for the conduct of regular and systematic reviews of environmental, safety and health issues in the Company and the Group. The attainment of such objective involves the following activities being carried out by the Department:

- i. reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- ii. ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- iii. ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
- iv. appraising the reliability and usefulness of information developed within the Company and the Group for management;
- v. recommending improvements to the existing systems of controls;
- vi. carrying out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks;
- vii. carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company; and
- viii. identifying opportunities and recommend to improve the operations of and processes in the Company and the Group.

The costs incurred for the internal audit function of the Group for financial year ended 31 January 2026 was RM123,300.

This Audit Committee Report was approved by the Board on 29 May 2026

Corporate Governance Overview Statement

The Board of Directors ("Board") of Quality Concrete Holdings Berhad ("the Company") is committed in ensuring that the practice of good corporate governance in the conduct of the businesses and affairs of the Company and its subsidiaries ("the Group"). The Board views the maintenance of good corporate governance is essential for sustainable long-term performance and value creation.

The Board is pleased to present this Corporate Governance ("CG") Overview Statement to the shareholders and investors on the application of CG Practices of the Group during the financial year ended 31 January 2026. This statement is to be read together with the CG Report which is available on the Company's website and also through the Company's announcement to Bursa Malaysia.

A summary of the CG practices as well as the Board's key focus areas in relation to the Malaysian Code On Corporate Governance ("MCCG") principle are described below.

BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible for the oversight and overall management of the Group. The principal responsibilities are as follows:

- review and adopt strategic plan, as developed by Management of the Group, annual budgets and long-term business plans, taking into account the sustainability of the Group's business;
- oversee the conduct and governance of the Group's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group, and ensuring the implementation of appropriate internal control systems to manage such risks;
- overseeing the succession planning and human resource plan;
- maintaining shareholder and investor relations for the Company; and
- review the adequacy and integrity of the Group's internal control systems.

The Board has delegated specific responsibilities to Four (4) Board Committees, namely the Audit Committee, Nominating & Remuneration Committee, Risk Management Committee and Sustainability Committee to examine specific issues within their respective terms of reference. The final decision is the responsibility of the Board after considering the recommendations of the respective committee.

Role of Chairman and Independent Directors

The Executive Chairman is responsible for the day to day running of the business operation of the Group with the support of a team of Management staff. Although the Chairman is an executive director, its independence is still maintained. The current composition of Independent Non-Executive Directors in the Board, which comprises half of Board members, provides for pertinent check and balance in the Board such that no one Director has unfettered powers in decision making.

The Chairman of the meeting is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Managing Director, he implements the Group's strategic initiatives, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa").

Corporate Governance Overview Statement (Contd.)

Qualified and Competent Company Secretaries

The Board is regularly updated and advised by the joint Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The joint Company Secretaries oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators, as well as any changes to regulatory requirements that may affect the Company and the Board.

Board Meetings

The Board meets at least four times (4) annually, with additional meetings being convened as and when necessary.

For the Board to deliberate effectively on agenda of meetings, relevant meeting papers or proposals will be furnished prior to and in advance of each meeting. This enables the Board to study the facts and have productive discussion and make informed decision at the meeting. At each Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational, compliance and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters deliberated by the Audit Committee and which require the Board's attention or direction, including approval, as the case may be. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings, which are confirmed by the Chairman at the next meeting.

Minutes of proceedings and resolutions passed at each Board and Board Committees Meetings are kept in the minutes book at the registered office of the Company. In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable. The Director concerned will then abstain from any decision-making process in which he has an interest in.

During the financial year under review, four (4) Board meetings were held. Details of the attendance of the Directors at the Board Meetings are disclosed in their respective personal profiles set out as follows:-

Directors	No. of meetings attended
Tiang Ching Kok	4 out of 4
Ha Tiuen Kiong	4 out of 4
Pang Kim Soo	4 out of 4
Felix Wong Khung Chui	4 out of 4
Lynda Chong Hui Lyn	4 out of 4
Paul Chiam Tau Keen	4 out of 4

Supply of, and access to, information

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in sufficient time to enable the Directors to prepare and deliberate on the issues prior to the meeting.

Senior Management members are also invited to attend Board Meetings to provide the Board with their views and explanation on certain agenda items tabled to the Board, and to clarify on issues that have been raised by Directors.

All Directors have access to the advice and services of the Company Secretaries, who is responsible for ensuring that Board Meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board is updated and advised by the Company Secretaries from time to time on new statutes and directives issued by the regulatory authorities.

In addition, the Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

Corporate Governance Overview Statement (Contd.)

Board charter

The Company has adopted a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter, which serves as a reference point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also contains a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company's businesses are in its hands. The Board Charter is published on the Group's website at www.qchb.com.my.

Code of conduct and Ethics

The Board Charter sets out a Code of Ethics to be observed by Directors. As for the conduct of employees, the Board has formalized an Employees Handbook to be observed by employees in the Group. The Board is aware of the need for adherence to the Code of Conduct and Employees' Handbook by Directors of the Company and employees in the Group respectively, and will take measures to put in place a process to ensure its compliance.

Whistle-blower Policy

The Board has adopted Whistle-Blowing Policies and Procedures, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employee, Management or Director in the Group.

The Nominating & Remuneration Committee

The Nominating & Remuneration Committee ('NRC'), established by the Board with specific terms of reference, comprises the following Independent Non-Executive Directors as its members:

- Mr Pang Kim Soo (Chairman);
- Mr Felix Wong Khung Chui and
- Ir. Lynda Chong Hui Lyn

The key responsibilities of the NRC are as follows:

- a) Reviewing the structure, size and composition of the Board, the Board Committees.
- b) Recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the director should bring to the Board.
- c) Annual assessment on the effectiveness of the Board as a whole, the Board Committees and the contribution of each director.
- d) Reviewing remuneration packages for Directors and Senior Managements.

During the financial year under review, the Nominating Committee met once, attended by all members. During the meetings and as at the date of this Statement, the Nominating Committee has carried out the following activities within its terms of reference and reported the outcome to the Board:

- evaluated the re-appointment of Directors, and recommended to the Board for approval;
- reviewed training undertaken by Directors as well as those training that are available for Directors for the ensuing year; and
- conducted annual evaluation of the Board's effectiveness and performance covering the assessment of the Board, each individual Director, each Board Committee, and independence of the Independent Directors.

Corporate Governance Overview Statement (Contd.)

Selection and assessment of Directors

Where considered appropriate, the NRC considers recommendation for directorship by shareholders or existing directors. Based on its terms of reference, the Nominating Committee carries out the assessment process regardless of whether the candidate is for new appointment or re-appointment. The final decision on the appointment of a candidate recommended by the Nominating Committee rests with the Board. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director.

Composition of the Board

There are currently Six (6) Directors on the Board comprising of two (2) Executive Directors and three (3) Independent Non-Executive Directors and one (1) Non Independent Non Executive Director. This provides the desired level of objectivity and independence in Board deliberations and decision making. The Board composition complies with Chapter 15.02 of the Main Market Listing Requirements which require a minimum of 2 or 1/3 of the Board to be independent directors. The profile of each Director is set out in this Annual Report.

Tenure of Independent Directors

The Board recognizes the importance of independence and objectivity in its decision making process and is mindful of the recommendation of the Principles in MCCG on limiting the tenure of independent directors to nine (9) years. The Board Charter sets out the restriction on the tenure of an independent director to cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit.

In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process at general meeting. In justifying the decision, the Nomination & Remuneration Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and to disclose the reasons for retaining him/her as independent director in the Notice of Annual General Meeting.

Board Diversity

The Board has no specific policy on diversity of its members in terms of gender, age or ethnicity or target set to achieve a blend of these attributes, but believes that the Company should be appointing Directors who have the relevant skills, experience, knowledge, integrity, character and time to contribute towards realising the Company's objectives.

Directors' remuneration

The NRC, is responsible for determining the level and make up of Executive Directors' remuneration for Quality Concrete Holdings Berhad and its subsidiaries so as to ensure that the Group attracts and retains the Directors of the necessary caliber, experience and quality needed to run the Group successfully.

Corporate Governance Overview Statement (Contd.)

Details of Directors' remuneration for the financial year ended 31 January 2026 are as follows:

Company

Category	Fees RM'000	Salaries RM'000	Allowances RM'000	Bonus RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total Remuneration RM'000
Executive Directors							
Tiang Ching Kok	12	-	-	-	-	4	16
Paul Chiam Tau Keen	12	-	-	-	-	-	12
Non-Executive Directors							
Ha Tiuen Kiong	12	-	-	-	-	-	12
Pang Kim Soo	12	-	12	-	-	-	24
Felix Wong Khung Chui	12	-	12	-	-	-	24
Lynda Chong Hui Lyn	12	-	12	-	-	-	24
Total	72	-	36	-	-	4	112

Group

Category	Fees RM'000	Salaries RM'000	Allowances RM'000	Bonus RM'000	Defined Contribution Plan RM'000	Benefits in Kind RM'000	Total Remuneration RM'000
Executive Directors							
Tiang Ching Kok	156	710	24	30	92	41	1,053
Paul Chiam Tau Keen	96	465	18	22	96	11	708
Non-Executive Directors							
Ha Tiuen Kiong	60	-	-	-	-	-	60
Pang Kim Soo	12	-	12	-	-	-	24
Felix Wong Khung Chui	12	-	12	-	-	-	24
Lynda Chong Hui Lyn	12	-	12	-	-	-	24
Total	348	1,175	78	52	188	52	1,893

The remuneration packages of the Senior Management Personnel are determined by taking into considerations on individual responsibilities, skills, expertise, experiences and contributions to the Group's performance. It is essential to offer competitive and sufficient remuneration packages to ensure executive talents' retention. The Board is of the view that it would not be beneficial to the Company to disclose the Key Senior Management Personnel's remuneration on named basis, which might raise negative impact to maintain a stable working environment for long-term strategic goals.

Corporate Governance Overview Statement (Contd.)

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required by the MMLR of Bursa.

During the financial year under review, Directors attended the following training:

- ESG Symposium: Adopting IFRS S1 & S2
- JKR Sarawak General Conditions of Contract (PWD 75 – Ver.2021) – The Mysteries of Variation Claims Revealed and Common Recurring Mistakes Made by Contractors Claiming Loss and Expenses
- Prevent Corruption & Promote Good Governance In Your Business
- Building a Culture of Good Governance and Sustainability: The Role of the Board and Management
- Introduction to ESG and Sustainable Finance
- 2026 Budget Seminar
- Transfer Pricing in Malaysia: Adapting to new rules & strengthening compliance
- Company Virtual, hybrid & Physical AGM Meetings-Do's & don'ts of effective minutes writing
- Service Tax: Integrated Approaches to Construction, Maintenance & Repair Excellence

The Directors are notified periodically by the Company Secretary on the types of training courses available in the market that the Directors may consider attending in order to enhance their skills and knowledge in the discharge of their stewardship role.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Uphold integrity in financial reporting by the Company

The Board is committed to providing a balanced, clear and representative assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the message to shareholders in the Annual Report.

Audit Committee("AC")

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors, chaired by Mr Felix Wong Khung Chui, who is a member of the Malaysian Institute of Accountants. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report included in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The terms of reference of the Audit Committee include a policy on the types of non-audit services permitted to be provided by the external auditors of the Company so as not to compromise their independence and objectivity. In assessing the independence of external auditors, the Audit Committee obtains assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants and International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants.

Corporate Governance Overview Statement (Contd.)

Risk Management and Internal Control

The Board acknowledges its responsibility of maintaining a good system of internal control and risk management, and for reviewing regularly the adequacy and effectiveness of the risk management and internal control system to ensure that shareholders' investment and the Group's assets are safeguarded. This system can only provide reasonable, but not absolute assurance against any material misstatements, fraud or loss.

The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the management of risk and state of internal controls within the Group.

Relationship with External Auditors

The AC has an appropriate and transparent relationship with the external auditors. The role of the AC in relation to the external auditors and the assessment of external auditors by the AC are set out in the Audit Committee Report of this Annual Report.

Internal Audit Function

The Internal Audit function reports directly to the Audit Committee. The activities carried out by the Internal Audit Department are set out in the Audit Committee Report of this Annual Report.

INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication and engagement with shareholders

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

Annual General Meeting

The Annual General Meeting ("**AGM**"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

Electronic Communications

The Board recognises the importance of an effective communication channel and timely dissemination of accurate information pertaining to the Group's business activities and financial performance to its shareholders, investors and other stakeholders.

The Group's financial results, announcements, annual report and circulars are the primary modes of disseminating information in relation to the Group's business activities and financial information and this can be assessed from the Company's website at www.qchb.com.my or Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

Corporate Governance Overview Statement (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to prepare financial statement for the financial year which has been made out in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company and of their financial performance and cash flows for the financial year ended then.

In preparing the financial statements of the Company and the Group, the Directors have adopted suitable accounting policies and applying them consistently, have made judgements and estimates that are reasonable and prudent and ensuring applicable accounting standards have been complied with.

All financial results required for announcement to Bursa Securities by the Board are release within the stipulated timeframe.

This Corporate Overview Statement is made in accordance with a resolution of the Board dated 29 May 2026.

ADDITIONAL INFORMATION

Utilisation of Proceeds

During the financial year, there were no proceeds raised from any corporate proposal.

Share Buybacks

The Company did not carry out any share buy-backs during the financial year.

Options, Warrants or Convertible Securities

There was no exercise of Options or Convertible Securities or conversion of warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties

There were no material sanction or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of audit and non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 January 2026 is as follows:

	Company RM	Group RM
Audit Fees	82,000	378,000
Non Audit Fees		
- Review of Statement on Risk Management & Internal control	10,000	10,000
- Others	-	-
	92,000	388,000

Corporate Governance Overview Statement (Contd.)

Variation in Results

There is no material variance between the financial results and the unaudited results previously made for the financial year ended 31 January 2026.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements/ Paragraph 9.41(b) of the MAIN Market Listing Requirements/ Rule 9.25A of the ACE Market Listing Requirements/ Rule 6.13A of the LEAP Market Listing Requirements]*, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

*To select reference to relevant Listing Requirements

Under each segment below, please insert additional rows for more item.

(A) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2026 (RM'000)	2025 (RM'000)
Revenue		190,498	155,822
Other income		1,360	5,269
Interest income		771	710
Dividend income		11	12
Total		192,640	161,813
Total Assets		281,082	262,743

(B) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2026 (RM'000)	2025 (RM'000)
Interest income		771	710
Dividend income received from conventional shares and instruments		11	12
Total		782	722

Corporate Governance Overview Statement (Contd.)

(C) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2026 (RM'000)	2025 (RM'000)
Cash in hand			
Cash at bank (exclude cash in hand)		329	9
Total		329	9
Conventional Account/Instruments			
Cash at bank (exclude cash in hand)		16,379	8,447
Deposits with licensed bank		13,490	11,646
Total		29,869	20,093

(ii) Debt Component Islamic Financing

Islamic Financing	Remarks	Group	
		2026 (RM'000)	2025 (RM'000)
Current			
Bank overdrafts		-	197
Banker's acceptances		-	5,911
Term financing		531	-
Islamic Hire purchase payables		698	529
Invoice financing		1,032	-
Non-Current			
Other Islamic financing facility (please specify in the remarks column)	Terms Loans	1,892	-
Islamic Hire purchase payables		639	1,382
Total		4,792	8,019

Conventional Borrowing	Remarks	Group	
		2026 (RM'000)	2025 (RM'000)
Current			
Bank overdrafts		37,195	26,438
Bank borrowings		5,457	6,637
Banker's acceptances		41,609	31,024
Invoice financing		12,958	21,103
Non-Current			
Bank borrowings		1,054	6,508
Term loans		5,025	-
Total		103,298	91,710

Statement on Risk Management and Internal Control

The Board of Directors of Quality Concrete Holdings Berhad ("Board") is pleased to provide the following statement outlining the nature and scope of risk management and internal control of the Group pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Principle B of the Malaysian Code on Corporate Governance.

Board Responsibility

The Board acknowledges the importance of having an effective internal control system and a well structured risk management framework to safeguard the interest of shareholders, customers, employees and as well as the Group's assets. The Board understands its overall responsibility for establishing an efficient and effective system of internal control covering not only financial controls but also relating to operational, compliance and risk management and for reviewing the adequacy and integrity of the system. However, due to the limitations that are inherent in any system of risk management and internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced, or potentially exposed to, by the Group in pursuing its business objectives. The process is being continually monitored and reviewed for its adequacy and effectiveness to ensure it is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Risk Management Framework

The Board and Management are proactive in identifying significant risks associated with its business processes. The Risk Management Committee was established in April 2004 to coordinate the implementation of an enterprise-wide risk management programme for the Group. The Committee is made up of two (2) representatives from the Board and the Management representatives from the respective subsidiaries.

During the year, reviews have been conducted to assess and re-evaluate the risk profiles identified by the respective business units within the Group as well as assessing the effectiveness of the controls in place to address those risks.

Internal Audit Function

The Board acknowledges the importance of internal audit function and has in place an internal audit unit which is to report directly to the Audit Committee on a quarterly basis. The internal audit function adopts a risk-based approach in developing its audit strategy and plan which focuses on identifying principal risks affecting the achievement of the Group's business objectives, assessing the likelihood and impact of these risks, evaluating the effectiveness of the existing controls in place and formulating action plans to improve the internal control system. During the year, scheduled internal audit visits were carried out by the internal audit unit based on the audit plan presented to and approved by the Audit Committee. The Internal Auditor usually reports to the Audit Committee on areas for improvement and will subsequently follow up to ensure that corrective actions on reported weaknesses are remedied within the required time frame by Management of the respective subsidiaries.

As part of the ongoing process, the Internal Auditor has conducted detailed risk audits on the following areas as identified in the approved audit plan and other ad-hoc requests by the Audit Committee:

- (a) Review of Waste Management
- (b) Review of Production Efficiency
- (c) Review of Material Management
- (d) Review of Production Costing
- (e) Review of Financial Management
- (f) Review of Corporate Governance, Risk Management Framework, and ESG Data Governance and Reporting Controls

Statement on Risk Management and Internal Control (Contd.)

Key Elements of Internal Control

The Group has also put in place the following key elements of internal control:

- An organisational structure with well-defined scope of responsibilities, accountabilities and appropriate level of delegated authorities with clear line of reporting;
- Regular and comprehensive information provided to Management covering both financial and operational performance and key business indicators, for effective monitoring and decision making;
- Regular visits to operating units and close involvement in daily operations of the Group by Managing Director and senior management;
- Regular Board and Audit Committee meetings are held to identify and resolve operational and financial issues;
- An independent Audit Committee comprising non-executive members of the Board, all being independent directors;
- The Audit Committee reviews the audit reports for the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto;
- Certain parts of the Group's operations or subsidiaries have received ISO certification for their products and/or work processes, these operating units are committed to maintaining their certification by ensuring strict compliance with their respective ISO requirements which include periodic reviews from ISO; and
- Training requirements are identified and reviewed on annual basis based on individual needs, departmental recommendations and certification bodies' requirements.
- A formalised Board Charter, Code of Conducts and Ethics, Corporate Disclosure Policy, Whistleblower Policy and Anti-Corruption and Bribery Policy.

Conclusion

Based on the processes set out above, the Board is of the view that the Group's system of risk management and internal control are adequate to safeguard the shareholders' investment and the Group's assets and has received assurance from both the Managing Director and Executive Director in this respect. Nevertheless, the Board and Management are committed towards operating a sound system of risk management and internal control and this system will continuously be reviewed and updated in line with the changes in the operating environment.

In the year under review, the Board is not aware of any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 January 2026, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) Has not been prepared in accordance with the disclosures required by section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies,
- (b) or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

This statement is issued in accordance with a resolution of the Directors dated 29 May 2026.

Sustainability Statement

At Quality Concrete Holdings Berhad (QC Group), we recognise that long-term value creation is inseparable from sustainable infrastructure development. As climate, resource efficiency, and governance expectations continue to evolve, we are strengthening our role as a responsible infrastructure player in Sarawak through disciplined ESG integration across our operations.

With more than 30 years of experience in construction, manufacturing, and infrastructure delivery, we are progressively embedding sustainability into business decisions – from material sourcing and production processes to project execution and asset management. In 2026, our focus is on advancing measurable ESG performance through improved data systems, operational efficiency, and enhanced accountability across the Group.

This statement outlines our progress in governance, environmental stewardship, and social responsibility, reflecting our continued commitment to resilient growth and stakeholder value creation.

Reporting Scope and Boundary

This statement covers the financial year ended 31 January 2026 (FYE2026), spanning the period from 1 February 2025 to 31 January 2026.

This statement encompasses QC group and its Malaysian incorporated active subsidiaries.

Reporting Standard

This statement has been prepared in accordance with Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR) relating to the enhanced sustainability framework, standard and guidelines based on their relevance and applicability, including:

- Bursa Malaysia Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiatives (GRI) Universal Standards 2021
- United Nations Sustainable Development Goals (UN SDGs)

QC's sustainability-related financial disclosures have been prepared in accordance with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards. As the Group is reporting under IFRS Sustainability Disclosure Standards for the first time, we applied the disclosure of information of IFRS S1 and S2 in a manner proportionate to our current maturity level.

Assurance Statement

This Sustainability Statement has been reviewed and validated by the Internal Audit Department and approved by the Board of Directors to ensure its accuracy, completeness, and alignment with the Group's sustainability commitments and reporting standards.

Overview of QC Group's Core Business

Leveraging its diversified network of subsidiaries, the Group operates across three principal business segments, manufacturing, construction & property development, and road maintenance. Collectively, these business segments form the foundation of the Group's operations and contribute significantly to the delivery of essential infrastructure that supports regional connectivity and economic development across Sarawak.

Sustainability Statement (Contd.)

Segment	Challenges	Mitigation Measures	Opportunities
Manufacturing Segment	<ul style="list-style-type: none"> • Dependence on fluctuating raw material prices • Rising Market Competition • Managing production efficiency amid varying customer demand 	<ul style="list-style-type: none"> • Diversification of raw material suppliers to reduce procurement risk • Investment in quality control systems to maintain product consistency and customer trust • Optimizing production scheduling to improve products supply 	<ul style="list-style-type: none"> • Opportunity to introduce recycled content into production processes • Explore new products and industrial markets • Growing demand for sustainable and low carbon products
Construction & Property Development	<ul style="list-style-type: none"> • Project cost overruns due to material and labour cost inflation • Delays caused by weather, logistics, and site constraints • Health and safety risks associated with construction sites 	<ul style="list-style-type: none"> • Detailed project budgeting and continuous cost monitoring • Comprehensive project scheduling and contingency planning • Strict implementation of occupational health and safety protocols 	<ul style="list-style-type: none"> • Participation in large-scale infrastructure development • Adoption of construction technology and digital project management tools • Increased demand for sustainable construction practices
Road Concession Services	<ul style="list-style-type: none"> • Rising maintenance costs due to inflation and ageing infrastructure • Public expectations for road quality and service standard • Dependence on concession-based government funding 	<ul style="list-style-type: none"> • Scheduled preventive maintenance programmes • Efficient deployment of maintenance teams and resources • Regular stakeholder engagement with concession authorities 	<ul style="list-style-type: none"> • Expansion into additional concession or maintenance contracts • Integration of smart monitoring and maintenance contracts • Enhanced operational efficiency through digital asset management

Despite operating in a dynamic and competitive environment, QC Group remains well-positioned to leverage its diversified business model to capture future growth opportunities. The Group is committed to create long term value by balancing economic growth with environmental protection and social well-being.

Our Sustainability Approach

At QC Group, sustainability is embedded within the Group's business model and value creation strategy. The Group's sustainability approach is guided by the integration of Environmental, Social, and Governance (ESG) considerations into strategic planning, operational decision-making, and enterprise risk management.

This integrated approach ensures that sustainability is not treated as a standalone function, but as a core driver of long-term resilience, operational efficiency, and stakeholder value.

In recognition of the increasing importance of climate-related governance and disclosures, the Group is progressively aligning its sustainability practices with the principles of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). This includes strengthening governance oversight, enhancing risk management processes, and improving the quality and consistency of climate-related financial information.

In FYE 2025, the Group conducted an internal review of its material sustainability matters. Adjustments were made to reflect emerging ESG risks, regulatory developments, and evolving stakeholder expectations. Building on this foundation, QC Group continues to refine its materiality assessment process to ensure it remains relevant, balanced, and responsive to changes in the operating environment.

Sustainability Statement (Contd.)

To further enhance the robustness of ESG decision-making, the Group has strengthened cross-functional collaboration and incorporated more structured ESG data inputs. This improves the consistency, reliability, and transparency of materiality evaluation and sustainability reporting across the Group.

Sustainability Governance Framework

QC Group's sustainability governance structure is designed to ensure clear accountability, effective oversight, and integration of ESG considerations into strategic and operational decision-making.

OVERSIGHT LEVEL	KEY RESPONSIBILITIES
Board of Directors	Retains overall responsibility for the Group's sustainability strategy and ESG performance. Key responsibilities: <ol style="list-style-type: none"> 1. Approving sustainability direction and ESG priorities 2. Overseeing ESG risks and opportunities within enterprise risk management 3. Ensuring integration of ESG considerations into corporate strategy and performance monitoring 4. Provide oversight of climate-related risks and opportunities in line with IFRS S1 and S2
Sustainability Committee (Chaired by Independent Director)	Provides strategic oversight and guidance on ESG matters Key responsibilities: <ol style="list-style-type: none"> 1. Reviewing sustainability performance on a quarterly basis 2. Monitoring implementation of ESG initiatives across the Group 3. Provide strategic direction on sustainability priorities 4. Overseeing readiness for IFRS S1 and S2 disclosures 5. Reviewing ESG data governance, internal controls, and reporting processes
Sustainability Working Group	Responsible for operational execution of ESG initiatives across all business segments, including construction, manufacturing, and property development. Key responsibilities: <ol style="list-style-type: none"> 1. Implementation of ESG initiatives at operational level 2. Coordination of ESG data collection across subsidiaries 3. Standardisation of sustainability reporting inputs 4. Engagement with operational teams to ensure data accuracy and consistency

The Group has enhanced its Sustainability Dashboard to strengthen ESG monitoring, transparency, and decision-making. Improvements include greater granularity and coverage of ESG data, particularly in energy consumption, emission tracking, occupational safety performance, and resource efficiency. These enhancements support more timely analysis of sustainability performance and strengthen alignment between operational outcomes and strategic sustainability objectives.

In parallel, QC group is progressively strengthening its climate governance and ESG oversight capabilities. Recognising the increasing importance of climate-related risks and disclosures, the Group continues to enhance the competencies of the Board and senior management through ongoing education and learning programmes. These cover key areas such as IFRS S1 and IFRS S2 disclosure requirements, greenhouse gas (GHG) emissions management, transition risks, physical climate risk assessment, and broader sector-specific ESG developments.

These combined initiatives reinforce the Group's ability to ensure robust ESG data governance, improve the quality of climate-related decision-making, and strengthen long-term organisational resilience as QC Group continues to advance its sustainability maturity.

Sustainability Statement (Contd.)

Sustainability Management Framework

QC Group's Sustainability Management Framework operationalises the Group's sustainability approach by integrating Environmental, Social, and Governance (ESG) considerations into day-to-day business activities across all operating segments. The framework provides a structured basis for identifying, managing, and monitoring ESG impacts, risks, and opportunities in a consistent manner. It ensures that sustainability principles are embedded within operational processes, compliance practices, and decision-making at both subsidiary and Group levels.



Sustainability Framework









In parallel, QC Group remains committed to develop internal ESG capabilities through ongoing training and awareness programmes, with emphasis on compliance, data integrity, and effective operational implementation of sustainability practices. This supports the strengthening of a sustainability-oriented culture across the organisation.

Stakeholder Engagement

At QC, we recognize that effective stakeholder engagement is essential to ensure responsible business conduct, long term value creation, and sustainable operational performance. We maintain structured, on-going, and risk-based engagement with our stakeholders to understand expectations, address concerns, and integrate feedback into decision-making processes.

Engagement activities are conducted through formal and informal channels, with the issues raised documented, assessed, and escalated where necessary to relevant management functions. The effectiveness of engagement is periodically reviewed to support continuous improvement.

Sustainability Statement (Contd.)

STAKEHOLDER	ENGAGEMENT TOPICS	ENGAGEMENT METHOD	FREQUENCY	KEY OUTCOMES/ IMPACT
Customers/ Clients 	<ul style="list-style-type: none"> • Product and service quality • Project delivery timelines • After-sales service • Pricing and contract performance 	<ul style="list-style-type: none"> • Physical and virtual meetings • Site discussions • Company website • Progress reports • Feedback forms 	<ul style="list-style-type: none"> • On-going • Project-based • Quarterly submission 	<ul style="list-style-type: none"> • Improved project coordination • Enhanced service responsiveness • Timely resolution of client feedback and claims
Employees 	<ul style="list-style-type: none"> • Employee welfare and safety • Career development • Performance management • Workplace culture 	<ul style="list-style-type: none"> • Regular meetings • Performance appraisal • Training programs • Safety briefings 	<ul style="list-style-type: none"> • Monthly • Quarterly • On-going 	<ul style="list-style-type: none"> • Enhanced workforce competency and engagement • Improved training participation • Strengthened safety awareness
Vendors/ Suppliers 	<ul style="list-style-type: none"> • Procurement transparency • Business ethics • Fair pricing • Delivery performance • Compliance requirements 	<ul style="list-style-type: none"> • Meetings • Site visits • Supplier evaluations • On-boarding briefings 	<ul style="list-style-type: none"> • On-going • As required 	<ul style="list-style-type: none"> • Improved supplier performance monitoring • Reinforced ethical procurement practices • Enhanced compliance awareness
Shareholders and Investors 	<ul style="list-style-type: none"> • Financial performance • Business strategy • Governance practices • ESG performance 	<ul style="list-style-type: none"> • Corporate website • Quarterly announcements • Financial reporting • AGM 	<ul style="list-style-type: none"> • Quarterly • Annually 	<ul style="list-style-type: none"> • Timely disclosure of financial and operational performance • Enhanced transparency and accountability
Government agencies and Regulators 	<ul style="list-style-type: none"> • Regulatory compliance • Licensing requirements • Statutory reporting • Industry standards 	<ul style="list-style-type: none"> • Meetings • Formal correspondence • Inspection 	<ul style="list-style-type: none"> • As required 	<ul style="list-style-type: none"> • Full regulatory compliance maintained • Timely approvals and renewals • Strengthen governance and compliance posture
Local Communities 	<ul style="list-style-type: none"> • Environmental impact • Job creation • CSR Initiatives • Infrastructure impact • Community wellbeing 	<ul style="list-style-type: none"> • Community engagement • CSR programs • Local outreach activities 	<ul style="list-style-type: none"> • Project-based 	<ul style="list-style-type: none"> • Strengthened community relationships • Improved local acceptance of projects • Targeted CSR Contributions

Sustainability Statement (Contd.)

Materiality Assessment

Materiality assessment remains a core component of QC Group's sustainability framework, enabling the Group to identify, evaluate, and priorities Environmental, Social, and Governance (ESG) matters that are most relevant to its business operations and stakeholders.

Building on the FYE2025 assessment, the Group further enhanced its materiality assessment process in FYE 2026 to strengthen alignment with evolving regulatory expectations and global best practices, including IFRS S1 and IFRS S2. The refined approach places greater emphasis on financial materiality, ensuring that sustainability-related risks and opportunities are assessed not only based on stakeholder significance but also on their potential impact on the Group's financial position, performance, and future cash flows.

The enhanced process incorporated:

Broder participation across key business functions, including operations, finance, risk management, and compliance

More structured ESG data inputs to improve the robustness and consistency of evaluations



Consideration of emerging risks, particularly climate-relate risks, supply chain resilience, and data governance

Alignment with industry benchmarks, regulatory developments, and stakeholder expectations






The material ESG matters were assessed based on their impact on business performance, financial implications, risk exposure, and stakeholder significance, and subsequently validated by senior management before being reviewed and approved by Board of Directors. Going forward, QC will continue to enhance its materiality assessment by deepening the integration of financial materiality and climate-related considerations and expanding the alignment with Sustainability Accounting Standard Board (SASB) industry standards.

This strengthened approach ensures that QC Group's material ESG priorities remain relevant, forward-looking, and aligned with both business strategy and external sustainability developments.







Key Sustainability Matters

Material Matter	Key Risk & Impacts	Opportunities	Management Approach	Current Progress	Related SDGs
Ethical business and compliance	Non-compliance may result in legal penalties, financial losses, and reputational damage	Strengthen stakeholder trust and improve eligibility for government and larger scale project	Maintain internal control systems, enforce Code of Conduct, conduct compliance training, and strengthen internal audit processes	Policies and Code of Conduct are in place; compliance monitoring and internal audit reviews are ongoing. Training programs have been enhanced with focus on awareness and enforcement consistency	
Financial Stability	Cash flow constraints, cost overruns, and funding limitations impacting profitability and project delivery	Improve financial resilience, optimize capital allocation, and enhance financing capability	Strengthen cash flow management, improve cost controls, diversify revenue streams, and integrate financial risk considerations into planning	Financial monitoring processes are in place; improvements ongoing in cost control measures and diversification of revenue sources across business segments	



Sustainability Statement (Contd.)

Material Matter	Key Risk & Impacts	Opportunities	Management Approach	Current Progress	Related SDGs
Customer Satisfaction	Project delays, quality issues, and service gaps leading to loss of clients and reputational impact	Strengthen long-term client relationships and improve competitive positioning	Enhance project delivery, maintain quality standards, and improve communication and engagement with clients	Continuous monitoring of project delivery timelines and quality; client engagement practices strengthened, particularly for government-related projects	
Risk Management (including Climate-related Risks)	Project delays, cost overruns, safety incidents, and increasing exposure to climate-related risks	Improve operational resilience and strengthen long-term risk preparedness	Implement enterprise risk management framework, conduct periodic risk assessments including climate risks, and establish mitigation plans	Risk management framework is in place; integration of climate-related risk assessment is in progress in line with IFRS S1 and S2 requirements	
Sustainable Products and Services	Non-compliance of products or engineering specifications may lead to project failure, rework costs, and reputational damage	Enhance product reliability, strengthen engineering quality, and improve client confidence	Ensure compliance with technical standards, conduct regular site progress reviews, and strengthen quality assurance processes	Quality control procedures are implemented across projects; ongoing strengthening of inspection and site monitoring practices to ensure compliance with specifications	
Innovation and Technologies	Operational inefficiencies, higher labour and energy costs, and inability to meet evolving project requirements	Improve productivity, reduce costs, and enhance competitiveness through digitalisation and innovation	Adoption of digital project management tools, automation in production processes, and use of innovative materials such as low-carbon concrete	Digital tools (e.g. project tracking systems and site monitoring applications) are partially implemented; automation initiatives are in progress across selected operations	
Sustainable Supply Chain	Material shortages, price volatility, transport cost increases, and reliance on non-compliant suppliers	Improve resilience, cost efficiency, and supplier reliability	Prioritise local sourcing where feasible, formalise supplier contracts, and implement supplier performance	Supplier engagement processes are in place; structured supplier performance evaluation and ESG screening are being progressively enhanced	

Sustainability Statement (Contd.)

Material Matter	Key Risk & Impacts	Opportunities	Management Approach	Current Progress	Related SDGs
Human Rights and Labour Practices	Worker dissatisfaction, legal non-compliance, disputes, and reputational risk	Improve workforce stability, productivity, and corporate reputation	Enforce fair labour practices, compliance with labour laws, and prohibition of forced or child labour	Labour practices are governed by existing HR policies; ongoing reinforcement of compliance awareness and workplace standards across sites	
Cybersecurity and Data Protection	Data breaches, system failures, and loss of confidential or operational data	Strengthen digital resilience and protect sensitive corporate information	Implement enterprise firewalls, antivirus systems, access controls, and IT security protocols	Basic cybersecurity controls are implemented; enhancement of system-wide protection and user awareness training is in progress	
Waste Management	Improper handling of construction waste (e.g. concrete slurry, plastics) leading to environmental pollution and regulatory penalties	Improve resource efficiency and reduce disposal costs through recycling	Implement waste segregation, recycling initiatives, and reuse of construction materials where feasible	Waste segregation practices are implemented at selected sites; recycling initiatives (e.g. concrete reuse) are being progressively expanded	
Air Emissions	Dust generation, carbon emissions, and potential non-compliance with environmental regulations	Improve environmental compliance and support greener operations	Use of dust control systems, enclosed equipment, and emission reduction measures	Dust suppression measures are implemented at operational sites; emission monitoring practices are gradually being strengthened	
Occupational Health and Safety	Workplace accidents, project delays, regulatory penalties, and reputational damage	Improve productivity and reduce downtime through safer operations	Implement safety procedures, PPE compliance, regular safety audits, and training programmes	Safety management systems are in place; continuous reinforcement of safety culture and audit practices is ongoing across sites	
Training and Education	Skills mismatch, low productivity, and reduced operational efficiency	Enhance workforce capability and succession planning	Implement structured training programmes, upskilling initiatives, and certification courses	Training programmes are ongoing across business units; structured competency development framework is being progressively enhanced	

Sustainability Statement (Contd.)

Material Matter	Key Risk & Impacts	Opportunities	Management Approach	Current Progress	Related SDGs
Water Efficiency	Excessive water usage and potential resource constraints impacting operations	Reduce operational costs and improve sustainability performance	Implement water recycling, rainwater harvesting, and monitoring of consumption at sites	Water usage monitoring is in place; pilot initiatives for recycling and conservation measures are being introduced at selected sites	
Energy Management & Efficiency	High energy consumption in concrete batching plants and construction machinery increases operating cost and carbon footprint; Exposure to rising electricity and fuel prices; Inefficient equipment leading to wastage	Cost savings through energy efficiency measures and adoption of renewable energy (e.g., solar for plants/sites)	Monitor and track energy consumption across operations; Implement energy efficiency initiatives; Set internal energy reduction targets	Basic monitoring of electricity and fuel usage in manufacturing and construction; Initial exploration of solar installation for facilities	

Sustainability Commitments

QC remains committed to embedding sustainability into its core business operations across the construction and property development, manufacturing, and road maintenance segments. In response to the growing importance of environmental, social, and governance (ESG) considerations, the Group has established a set of short-term and long-term commitments to systematically address its material sustainability matters.

These commitments are designed to drive measurable improvements in operational efficiency, resource management, regulatory compliance, and environmental impact, while supporting long-term business resilience. Each initiative is supported by clearly defined Key Performance Indicators (KPIs) and monitored through ongoing progress assessments to ensure accountability and continuous improvement.

The following table outlines the Group's sustainability commitments, corresponding KPIs, and current progress status, reflecting QC's structured approach towards achieving its sustainability objectives over time.

Sustainability Statement (Contd.)

Short-Term Commitments (1 to 3 years)

COMMITMENT	KPI	PROGRESS STATUS
Establish construction waste monitoring and management system across all project sites	All project sites implement standardized waste tracking and reporting system	Waste currently managed on an ad-hoc basis (resale upon accumulation)
Improve occupational safety and health (OSH) performance across Group's subsidiaries	Lost Time Injury Frequency Rate (LTIFR) reduction year-on-year	Safety practices implemented, but reporting is not fully standardized across subsidiaries
Optimize production efficiency in manufacturing operations	Production efficiency ratio to be established as baseline and improved year-on-year	Operational efficiency currently not systematically measured; baseline data not yet established
Enhance ESG awareness and training across business units	Minimum 2 to 4 ESG/Safety, and environmental trainings per year per subsidiary	Training conducted intermittently depending on operational needs
Improve documentation of key operational data	All operations with formal or standardize data recording and format	Data currently recorded inconsistently across subsidiaries
Obtain ISO 37001 Anti Bribery Management System Certification	Achieve ISO 37001 certification across relevant subsidiaries within defined timeline	In the process of applying

Long term Commitments (3 to 10 years)

COMMITMENT	KPI	PROGRESS STATUS
Implement integrated ESG management system across the Group	100% subsidiaries aligned to ESG framework	Not yet implemented
Reduce carbon emissions intensity across operations	20% to 30% reduction in carbon intensity	Not yet measured
Increase reuse and recycling of materials across operations	At least 50% reuse/recycling rate of recoverable materials	Early stage with informal practices
Digitalize operational monitoring system across subsidiaries	100% digital tracking of ESG-related data	Not initiated
Increase the use of renewable energy across operations	20% to 30% of the total energy consumption sourced from renewable energy	Not yet implemented
Embed ESG requirement into procurement and subcontractor management	ESG criteria included in at least 20% to 30%	Not yet implemented

Sustainability Statement (Contd.)

ECONOMIC SUSTAINABILITY

The Group's economic performance forms the foundation of its long-term sustainability strategy, reflecting its ability to generate value for stakeholders while maintaining operational resilience within a challenging macroeconomic and industry environment. For the reporting period, the Group continued to operate in a constrained cost environment driven by inflationary pressures in construction materials, labor costs, delay in delivering project and competitive pricing in government-linked project tenders.

For the reporting period, the Group's economic performance demonstrated continued growth despite a challenging operating environment. Revenue increased to RM190.5 million, representing an improvement of 22.3% compared to the previous financial year. This growth was primarily supported by stronger contributions from both the Manufacturing Segment and the Construction Segment, reflecting improved project execution, higher production demand, and steady progress billing from ongoing-infrastructure-related activities.

The Manufacturing Segment delivered improved performance driven by higher demand for pipes and ready mixed concrete, supported by government-led pipe replacement initiatives. The Construction Segment also recorded stronger revenue, underpinned by higher progress billings from construction projects and stable contributions from Road Maintenance activities.

The Group's revenue performance over the past three financial years is summarized below:

	FYE 2024 (RM'000)	FYE 2025 (RM'000)	FYE 2026 (RM'000)
Total Revenue	176,000	155,822	190,498
Loss Before Tax	(10,068)	(4,890)	(9,233)
Loss After Tax	(10,793)	(6,944)	(8,883)

Notwithstanding the improved revenue performance, the Group continued to face profitability pressure arising from elevated operating costs, input price inflation, and competitive project pricing conditions. These factors resulted in continued margin compression across key operating segments. In particular, fluctuations in raw material prices, logistics costs, and subcontracting expenses continued to impact overall cost efficiency and project profitability.

The Group's economic value generated is primarily reflected in its revenue base and is subsequently distributed across key stakeholder groups, including employees through wages and benefits, suppliers through procurement of materials and subcontracting services, financiers through interest payments, and government authorities through statutory contributions and taxation. After accounting for operating and financing costs, the Group recorded a loss before tax of RM9.2 million for the financial year, indicating that the economic value generated during the period was largely absorbed by cost structures and market-driven margin pressures.

Key Performance Indicator	FYE 2024 (RM'000)	FYE 2025 (RM'000)	FYE 2026 (RM'000)
Economic Value Generated	176,000	155,822	190,498
Economic Value Distributed			
- Operating Cost	158,491	137,153	170,220
- Employee wages and benefits	15,817	15,960	17,345
- Payment to Providers of Capital	5,918	5,961	5,403
- Payment to Government	725	2,054	(350)

In response, the Group continues to strengthen its economic resilience through enhanced cost management practices, improved procurement strategies, and tighter project monitoring mechanisms. Greater emphasis is placed on selective bidding to ensure risk-adjusted returns, while cross-segment integration between manufacturing and construction operations provides opportunities for internal cost optimization and improved resource utilization.

Looking ahead, the Group remains focused on strengthening its economic sustainability through operational efficiency, disciplined project selection, and gradual diversification of its revenue base within infrastructure-related sectors. Strategic priorities include enhancing margin resilience through improved project planning, stronger supply chain management, and closer alignment between pricing strategies and underlying cost structures. These initiatives are expected to support more sustainable long-term value creation for stakeholders despite prevailing industry challenges.

Sustainability Statement (Contd.)

Economic Sustainability Governance

Ethical Business and Compliance

The Group's economic sustainability is supported by a comprehensive governance framework underpinned by strong financial discipline, accountability, and transparency, aimed at delivering long-term sustainable value creation. Financial performance, together with key economic and operational indicators, is regularly reviewed by Management and the Board of Directors, with emphasis placed on cost efficiency, project execution performance, and cash flow sustainability.

In ensuring integrity across all business operations, the Group enforces structured internal controls and compliance mechanisms governing project costing, procurement, and contract management processes. These controls are aligned with the Group's Anti-Bribery and Corruption Policy, which sets out a zero-tolerance approach towards bribery, improper payments, and any form of unethical business conduct. The policy is reinforced through clear procedures on conflict-of-interest declarations, due diligence on third parties, and approval hierarchies for procurement and contracting activities.

We are proud to report that as at the reporting period, we recorded zero confirmed incidents of corruption, demonstrating our commitment to zero tolerance for unethical conduct and upholding governance integrity.

Key Performance Indicator	FYE 2024	FYE 2025	FYE 2026
Percentage of operations assessed for corruption-related risks	100%	100%	100%
Confirmed incidents of corruption and actions taken	0	0	0

In addition, the Group's governance practices are supported by its Code of Conduct and Ethics Policy, which promotes responsible decision-making, fair dealing, and adherence to applicable laws and regulatory requirements. Collectively, these frameworks strengthen decision-making discipline, mitigate financial and reputational risks, and ensure that resources are allocated efficiently and responsibly. This integrated governance approach enhances operational resilience, safeguards stakeholder confidence, and supports the Group's long-term economic sustainability objectives.

The Group also reinforces its governance framework through a formal Whistleblowing Policy, which provides a secure and confidential channel for employees and external stakeholders to report any suspected misconduct, unethical behaviour, fraud, or violations of laws and internal policies. The policy ensures that all reports are treated with strict confidentiality and are independently reviewed without fear of retaliation or reprisal.

All whistleblowing disclosures are escalated to the appropriate governance level for investigation and action, in accordance with established procedures and oversight by the relevant committees. This mechanism strengthens the Group's internal control environment by promoting transparency, early detection of irregularities, and accountability across all levels of operations, thereby supporting the integrity and sustainability of the Group's economic activities.

All our policies are available to the public at: <https://www.qchb.com.my/investor-relations/policies/>

Supply Chain Management

The Group recognises that a sustainable and resilient supply chain is fundamental to supporting long-term economic performance, operational continuity, and responsible business growth. As the Group operates across construction, manufacturing, and infrastructure-related sectors, supply chain performance has a direct impact on cost efficiency, project delivery timelines, product quality, and overall stakeholder value creation.

To ensure effective supply chain management, the Group has implemented structured procurement practices governed by formal approval hierarchies and evaluation procedures. In practice, procurement decisions are assessed based on key criteria including pricing competitiveness, supplier reliability, product quality, delivery performance, and compliance with contractual and regulatory requirements. This structured approach ensures that procurement activities remain transparent, cost-efficient, and aligned with operational needs.

In addition to formal procurement controls, the Group has implemented several practical measures to strengthen supply chain efficiency. These include engaging in price negotiation exercises with key suppliers for bulk materials such as cement, aggregates, steel, pipes, and asphalt premix; consolidating procurement volumes across projects to achieve economies of scale; and coordinating production planning within the Manufacturing Segment to better align output with construction demand. The Group also conducts periodic supplier performance reviews focusing on delivery consistency, quality compliance, and responsiveness to project requirements.

Sustainability Statement (Contd.)

Where feasible, the Group prioritises long-term collaboration with selected suppliers and subcontractors to enhance supply stability and reduce procurement disruptions. At the same time, supplier diversification is actively pursued to reduce dependency risk on single sources and improve resilience against market volatility, particularly in relation to material price fluctuations and logistics constraints.

As part of strengthening internal supply chain efficiency, the Group continues to enhance integration between its Manufacturing and Construction segments. This includes aligning production schedules with project demand forecasts, prioritising internal supply for key materials where possible, and reducing reliance on external procurement for selected products. These practices have contributed to improved coordination, reduced lead times, and better cost control across projects.

In line with its commitment to supporting local economic development, the Group also prioritises procurement from local suppliers and subcontractors where practicable. This approach supports local industry participation, strengthens domestic supply chain capacity, and contributes to broader economic development within the communities in which the Group operates.

Percentage of Local vs Foreign Suppliers

	FYE 2024	FYE 2025	FYE 2026
Proportion of spending on local suppliers	98	92	93
Proportion of spending on foreign suppliers	2	8	7

Moving forward, the Group remains committed to further enhancing its sustainable supply chain practices through improved procurement planning, greater supplier engagement, and continued emphasis on responsible sourcing. Key initiatives include expanding supplier performance monitoring mechanisms, increasing procurement transparency through digital tracking tools, and further strengthening local supplier participation. These measures are expected to enhance supply chain resilience, improve cost efficiency, and support the Group's long-term sustainable economic objectives.

Product Innovation and Technology

Sustainable Infrastructure Delivery and Digitalisation

In FYE2026, QC continued to advance the digitalisation of its infrastructure and manufacturing operations to improve operational efficiency, resource optimisation, and environmental performance. Technology adoption is primarily focused on enhancing asset lifecycle management, reducing resource consumption, and improving service reliability.

Road Maintenance Segment

The Group utilises digital road asset management systems, including 360-degree visual inspection tools and cloud-based condition monitoring platforms, to support infrastructure maintenance planning and execution.

These systems enable remote assessment of road conditions, reducing the need for physical site inspections and associated fuel consumption and emissions. They also support data-driven maintenance prioritisation based on asset condition and risk indicators, improving response efficiency and enabling more proactive maintenance planning.

In FY2026, the Group further strengthened data integration between field inspection outputs and maintenance planning systems to enhance consistency in asset lifecycle management and reduce reliance on reactive maintenance approaches. In addition, the Group incorporates circular economy practices in its road maintenance activities through the reuse of reclaimed asphalt pavement (RAP). Asphalt materials are recovered from deteriorating road surfaces, processed, and reused in maintenance applications, including pothole patching, road shoulder works, and minor pavement resurfacing.

This practice reduces dependency on virgin raw materials, lowers material procurement costs, and minimises construction-related environmental impacts. The reuse of reclaimed asphalt supports resource efficiency objectives and contributes to more sustainable infrastructure maintenance practices while maintaining functional road safety and service levels.

Sustainability Statement (Contd.)

Manufacturing Operation

Ready-Mixed Concrete Production

The Group operates automated batching systems to improve material accuracy and reduce production variability. These systems support:

- Optimised raw material usage and reduced material wastage
- Improved batching consistency and reduced rework rates
- Integration with logistics scheduling systems to reduce truck idle time and fuel consumption

In FY2026, enhanced production monitoring capabilities were implemented to improve tracking of batch efficiency and delivery performance, supporting continuous improvement in operational resource efficiency and emissions reduction.

HDPE Pipe Manufacturing

The HDPE manufacturing facility utilises automated extrusion systems with real-time quality monitoring to ensure product consistency and reduce material rejection rates. Key ESG-relevant controls include:

- Inline quality inspection systems to reduce defect-related waste
- Process automation to optimise energy and raw material usage
- IoT-enabled monitoring of equipment performance to support condition-based maintenance and reduce unplanned downtime

The Group also continues initiatives to improve material circularity through recovery and reuse of production offcuts, supporting waste reduction objectives.

Technology Governance and Data-Driven Operations

Across all business divisions, the Group is progressively strengthening its use of digital systems to support operational decision-making, risk management, and resource optimisation. This includes:

- Increased integration of operational data for infrastructure and manufacturing activities
- Use of predictive analytics to support maintenance planning and asset performance management
- Ongoing evaluation of advanced analytics tools to improve planning accuracy and operational efficiency

These initiatives support the Group's broader ESG objectives by improving resource efficiency, reducing operational waste, and enhancing infrastructure service reliability.

ENVIRONMENTAL SUSTAINABILITY – CLIMATE CHANGE

In FY2026, the Group has formally introduced climate change-related disclosures as part of its Environmental, Social and Governance (ESG) reporting framework. This represents the first year of structured climate-related disclosure, reflecting the Group's commitment to enhancing transparency and aligning with emerging sustainability reporting expectations.

This disclosure is prepared in response to the evolving regulatory and stakeholder expectations, and is aligned, where applicable, with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Bursa Malaysia Sustainability Reporting requirements. It also supports the Group's progressive efforts to improve climate-related risk identification, data collection, and operational integration across its business activities.

At the national level, Malaysia has committed to reducing its greenhouse gas (GHG) emissions intensity by 45% by 2030 relative to 2005 levels, as part of its Nationally Determined Contribution (NDC) under the Paris Agreement. The country has also expressed its aspiration to achieve net-zero GHG emissions by 2050, supported by key policy frameworks such as the Twelfth Malaysia Plan and the National Policy on Climate Change. These national commitments drive the broader transition towards renewable energy adoption, improved energy efficiency, and enhanced emissions management across key economic sectors.

In this context, the Group recognises its role in supporting national climate objectives through continuous improvement in operational efficiency, resource optimisation, and progressive enhancement of climate-related data management and reporting practices.

Sustainability Statement (Contd.)

Climate Change Approach and Operational Impact

The Group recognises that climate change presents both physical and transition risks to its operations, particularly in infrastructure development, road maintenance, construction activities, and manufacturing processes. These include increased exposure to extreme weather events, changes in regulatory requirements, and growing expectations for lower-carbon operations.

During FY2026, the Group has initiated a structured approach to climate-related environmental management, focusing on the following key areas:

- Emission Reduction through Operational Efficiency
- Resource Efficiency and Waste Reduction
- Energy and Equipment Efficiency
- Climate-Resilient Infrastructure Planning

The Group will progressively develop more quantitative climate-related metrics, including emissions tracking and intensity indicators, in future reporting periods to support more comprehensive climate risk management and performance evaluation.

Climate Related Risk and Opportunities

As the Group continues to enhance its environmental and climate-related practices, the following assessment of climate risks, opportunities, and value chain impacts represents a preliminary internal evaluation. The insights are indicative in nature and are intended to support future planning as the Group progressively strengthens its climate management capabilities, including improvements in data collection, scenario analysis, and governance structures.

At this stage, the Group is not yet fully aligned with advanced climate disclosure frameworks such as IFRS S2 – Climate-related Disclosures. However, this initial assessment establishes a foundational understanding of potential risk exposures and areas for building long-term resilience. The information presented reflects forward-looking considerations and should be viewed as part of an evolving process, rather than a confirmation of fully implemented strategies.

Physical Risks

CLIMATE RISK	AREA IMPACTED	POTENTIAL FINANCIAL EFFECTS
Increased frequency of heavy rainfall and flooding	Construction sites, road maintenance operations	Project delays, cost overruns due to rework, increased site protection costs, liquidated damages exposure
Extreme weather events (storms, landslides)	Infrastructure projects, road networks	Damage to ongoing works and completed assets, higher repair and maintenance costs, disruption to project timelines
Rising temperatures and heat stress	Construction workforce, manufacturing plants	Reduced labour productivity, increased health and safety compliance costs, potential delays in project delivery
Water scarcity or supply disruption	Manufacturing (ready-mix concrete), construction activities	Increased cost of water sourcing, operational interruptions, reduced production capacity
Power outages and electricity supply disruptions due to extreme weather events	Manufacturing plants (ready-mix concrete, HDPE production), construction sites	Operational downtime, disruption to production schedules, potential material wastage, increased reliance on backup power sources leading to higher operating costs, and delays in project delivery

Sustainability Statement (Contd.)

Transition Risks

CLIMATE RISK	AREA IMPACTED	POTENTIAL FINANCIAL EFFECTS
Tightening environmental regulations and compliance requirements	All divisions (construction, manufacturing, road maintenance)	Increased compliance costs, capital expenditure for equipment upgrades, potential penalties for non-compliance
Introduction of carbon pricing or emissions-related policies	Manufacturing operations, logistics, construction equipment usage	Higher operating costs due to fuel consumption, increased cost of materials and transportation
Increasing demand for low-carbon materials and sustainable construction practices	Construction and manufacturing segments	Need for investment in new technologies or materials, potential loss of competitiveness if not adapted
Supply chain disruptions due to sustainability requirements	Procurement of raw materials (cement, aggregates, resins)	Increased material costs, supply shortages, need to identify alternative suppliers
Stakeholder and client expectations on ESG performance	Government clients, project tenders	Risk of reduced contract opportunities, increased requirements for ESG disclosures and performance reporting

Climate Related Opportunities

CLIMATE OPPORTUNITIES	AREA IMPACTED	POTENTIAL FINANCIAL BENEFITS
Adoption of digital asset management and predictive maintenance systems	Road maintenance, construction	Reduced operational costs, improved efficiency, lower maintenance frequency, and extended asset lifespan
Increased use of recycled materials (e.g. reclaimed asphalt pavement, recycled aggregates)	Road maintenance, construction, manufacturing	Lower raw material costs, reduced waste disposal costs, improved resource efficiency
Optimisation of fuel usage through logistics and route planning	Construction, manufacturing logistics	Reduced fuel costs, improved fleet efficiency, lower emissions-related exposure
Adoption of energy-efficient machinery and production systems	Manufacturing plants, construction equipment	Lower energy consumption, reduced operating costs, improved productivity
Development of low-carbon or sustainable construction solutions	Construction, manufacturing	Enhanced competitiveness in tenders, access to ESG-focused projects, potential premium pricing
Strengthening ESG compliance and disclosure practices	Group-wide (especially government-related projects)	Improved eligibility for contracts, enhanced stakeholder confidence, reduced regulatory risk
Integration of data-driven decision-making and operational analytics	All divisions	Improved cost control, better project planning accuracy, reduced waste and inefficiencies
Preventive and climate-resilient infrastructure design and maintenance	Road maintenance, construction	Reduced long-term repair costs, improved asset durability, lower lifecycle cost of infrastructure

Sustainability Statement (Contd.)

The assessment of climate-related risks and opportunities presented in this section reflects the Group's initial structured effort to identify and understand the potential impacts of climate change on its operations, value chain, and long-term business sustainability. As this is the Group's first year of formal climate-related disclosure, the analysis remains qualitative in nature and is intended to establish a foundational baseline for future enhancements.

Overall, the findings indicate that the Group is exposed to a range of physical risks, particularly those associated with extreme weather events and operational disruptions, as well as transition risks arising from evolving regulatory requirements, market expectations, and industry decarbonisation trends. At the same time, these developments present opportunities for the Group to improve operational efficiency, strengthen resource optimisation, and enhance competitiveness through digitalisation, material circularity, and improved infrastructure resilience.

The Group recognises that effective climate risk management will require progressive strengthening of data collection systems, scenario analysis capabilities, and governance integration across all business divisions. Moving forward, the Group intends to further develop its climate-related metrics, enhance internal reporting processes, and gradually align its practices with evolving sustainability disclosure frameworks.

This initial assessment therefore serves as a strategic starting point to support informed decision-making and to guide the Group's transition towards more structured and measurable climate resilience planning in the future.

Carbon Emission and Scope

In FY2026, QC Group continues to advance its greenhouse gas (GHG) emissions reporting framework, building on the foundational work established in FY2025. As part of its initial efforts, FY2025 focused on identifying key emission sources and capturing baseline data for material Scope 1 and Scope 2 emissions relevant to the Group's operations.

Preliminary tracking has been established for fuel consumption activities under Scope 1, as well as electricity consumption under Scope 2. These initial steps have provided a starting point for the Group to progressively enhance the scope, quality, and completeness of its emissions data over time.

Scope 3 emissions were first introduced in FY2025 on a limited basis, covering employee commuting as an initial category. In FY2026, the Group has expanded its Scope 3 reporting boundary to include purchased materials, as well as upstream and downstream transportation and distribution activities, reflecting a broader assessment of value chain emissions.

This expansion is part of the Group's phased approach to Scope 3 reporting; whereby additional categories are progressively incorporated based on data availability and operational relevance. The Group continues to strengthen its data governance and monitoring processes to improve the accuracy and completeness of emissions reporting across all scopes.

Building on this foundation, FY2026 represents a transition towards improved data consolidation, enhanced emissions boundary definition, and closer alignment with internationally recognised frameworks, including the GHG Protocol, Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, and IFRS S2 – Climate-related Disclosures.

Total Emission Generated

	FYE 2024	FYE 2025	FYE 2026
Scope 1 Emission (tCO ₂ e)	2,298	2,144	2,599
Scope 2 Emission (tCO ₂ e)	532	842	1,018
Scope 3 Emission (tCO ₂ e)	-	758	13,370
Total Emission (tCO ₂ e)	2,830	3,743	16,987
Revenue (RM)	176,000	155,821	190,498
Intensity (tCO ₂ e/RM million)	0.016	0.024	0.089

The Group tracks its greenhouse gas (GHG) emissions intensity as a key indicator of carbon efficiency, measured as total emissions per unit of revenue (tCO₂e/RM million). This metric provides insight into how effectively the Group manages its emissions relative to its economic output, allowing for year-on-year performance comparison.

Sustainability Statement (Contd.)

In FY2026, the Group recorded an emissions intensity of 0.089 tCO₂e/RM million, compared to 0.024 tCO₂e/RM million in FY2025 and 0.016 tCO₂e/RM million in FY2024. The increase in emissions intensity in FY2026 is primarily attributable to the significant expansion in Scope 3 emissions coverage, rather than a proportional increase in direct operational emissions. In particular, the inclusion of additional Scope 3 categories, namely purchased materials and upstream and downstream transportation, has substantially increased the Group's reported total emissions.

While Scope 1 emissions have remained relatively stable over the three-year period, and Scope 2 emissions have increased in line with higher electricity consumption and operational scale, the sharp rise in total emissions in FY2026 reflects a broader and more comprehensive reporting boundary. As Scope 3 emissions typically represent a significant portion of total emissions for construction and manufacturing-related businesses, this expansion provides a more complete representation of the Group's carbon footprint.

It is important to note that the increase in emissions intensity does not necessarily indicate a deterioration in operational efficiency, but rather reflects improved transparency and enhanced data coverage. The Group expects that emissions intensity may fluctuate in the near term as reporting boundaries continue to evolve and data quality improves.

Moving forward, the Group intends to further refine its emissions measurement methodologies and develop additional intensity indicators aligned to operational outputs (such as per unit of production or per project basis) to provide more meaningful insights into carbon performance and efficiency trends.

Energy and Water Management

In FY2026, QC Group's energy consumption is primarily derived from purchased electricity, which represents the Group's main energy source across its operations. Electricity is used to support manufacturing activities, including ready-mixed concrete batching operations and HDPE pipe production, as well as administrative offices and supporting facilities.

The Group has refined its reporting structure in FY2026 to improve alignment with the GHG Protocol. As part of this refinement, fuel consumption previously described under energy usage has been reclassified under Scope 1 emissions, while energy management is now reported primarily in relation to purchased electricity consumption.

Total Energy Consumption	FYE 2024	FYE 2025	FYE 2026
Grid Electricity Consumption (Gigajoule)	9,724	14,406	18,428
Energy Intensity (GJ/RM million)	0.06	0.09	0.10

The increase in total electricity consumption over the three-year period is broadly consistent with the Group's expanded operational activities, particularly in manufacturing output and increased utilisation of production facilities. The corresponding rise in energy intensity from 0.06 GJ/RM million in FY2024 to 0.10 GJ/RM million in FY2026 reflects higher electricity demand relative to revenue growth, driven by energy-intensive production processes and greater operational throughput in ready-mixed concrete and HDPE manufacturing operations. Despite this upward trend, electricity consumption continues to be actively monitored as part of the Group's operational efficiency initiatives, with ongoing efforts to optimise equipment utilisation, reduce idle running time, and improve process efficiency across key facilities.

Water Management

In FY2026, QC Group continues to manage water consumption as part of its broader environmental resource efficiency initiatives across construction, road maintenance, and manufacturing operations. Water is primarily utilised in ready-mixed concrete production processes, equipment cleaning activities, dust suppression at construction sites, curing of concrete structures and precast elements, and general operational use across facilities.

Additionally, water consumption also extends to domestic usage at staff quarters, including sanitation, cooking, and daily living needs, particularly at construction sites and manufacturing facilities where on-site accommodation is provided.

	FYE 2024	FYE 2025	FYE 2026
Water (ML)	171.21	259.98	151.13
Water intensity (GJ/RM million)	0.001	0.002	0.001

Sustainability Statement (Contd.)

Total water consumption in FY2026 recorded a decrease to 151.13 megalitres, compared to 259.98 megalitres in FY2025 and 171.21 megalitres in FY2024. The reduction in FY2026 reflects improved operational efficiency, more controlled water usage practices at production sites, and better management of cleaning and maintenance activities. The Group's water intensity also improved to 0.001 GJ/RM million, returning to the FY2024 level after a temporary increase in FY2025, indicating improved water efficiency relative to revenue generation.

The fluctuation in water consumption over the reporting period is primarily driven by variations in production activity levels and project mix across business segments. In FY2025, higher water usage was observed due to increased operational and site-based activities, while FY2026 reflects more efficient utilisation supported by improved operational controls and heightened awareness of resource optimisation.

Moving forward, QC Group will continue to strengthen its water management practices by enhancing monitoring consistency across subsidiaries, improving operational water efficiency at plant and site level, and further integrating water usage tracking into its sustainability reporting framework

Waste and Material Management

The Group recognises effective waste management as a key environmental responsibility within its construction and manufacturing operations. We are committed to minimising waste generation, improving resource efficiency, and ensuring responsible handling and disposal of waste in compliance with applicable environmental regulations.

The Group monitors total waste generated across its construction and manufacturing operations. For the financial year ended 2026, the total waste generated was 3,993 MT, comprising:

Construction Waste	189 MT
Manufacturing Waste	3,804 MT
Total Waste Generated	3,993 MT



The majority of the Group's waste generated arises from the manufacturing segment, primarily comprising wood waste and sawdust, which is a by-product of production activities. This represents the largest proportion of total waste generated due to the nature and scale of manufacturing operations.

The second largest waste stream consists of rejected pipes, which are generated from manufacturing quality control processes. These materials are typically sold at a lower value depending on their condition and market demand.

The construction segment contributes the smallest proportion of total waste generated, primarily comprising scrap metal arising from site activities such as structural works, fabrication, and material off-cuts. These waste streams are generally non-hazardous and are segregated for recycling or resale where feasible.

For FYE 2026, the Group recorded a total resale value of RM833,917, primarily derived from the sale of wood waste, rejected pipes, and scrap metal, reflecting the Group's ongoing efforts to promote material recovery and circular resource utilisation.

The Group is strengthening its environmental data governance by enhancing waste tracking system across all the operating subsidiaries and increasing focus on waste reduction and material efficiency initiatives.

Sustainability Statement (Contd.)

SOCIAL

Occupational Health & Safety

QC Group places the highest priority on the health, safety, and well-being of its employees, contractors, and stakeholders across all operating sites, including construction, manufacturing, and project locations. The Group recognises that effective occupational health and safety (OHS) management is fundamental to sustainable operations and operational excellence.

The Group implements structured occupational health and safety management practices designed to prevent work-related injuries and occupational illnesses. Health and safety governance is embedded within operational management, with responsibilities extending from site supervision to senior management oversight.

Key elements of the Group's approach include:

- Compliance with applicable occupational safety and health laws and regulations
- Implementation of site-specific safety procedures and risk assessments
- Regular safety briefings and toolbox meetings at operational sites
- Provision of appropriate personal protective equipment (PPE) to workers
- Incident reporting and investigation procedures to identify root causes and preventive actions

Safety Practices Across Operations

In construction activities, the Group focuses on mitigating high-risk site operations such as lifting works, structural installation, and heavy machinery usage through controlled work procedures and supervision.

In manufacturing operations, safety measures are applied to machinery operation, material handling, and production processes to minimise exposure to mechanical and operational hazards, including dust-related risks from materials such as sawdust.

As for road maintenance segment, all activities are supported by approved traffic management plans to ensure the safe diversion and control of vehicular and pedestrian movement. Appropriate warning signage, cones, barriers, and lighting systems are deployed to alert road users and secure work zones.

Incident Management and Monitoring

The Group maintains an incident reporting mechanism to record, investigate, and address workplace incidents and near-misses. Corrective and preventive actions are implemented to reduce recurrence and improve overall safety performance.

Emergency preparedness is also an integral component of the Group's occupational health and safety framework. The Group conducts regular emergency response training and fire drills across its operational sites, including construction and manufacturing facilities, to ensure readiness in managing potential emergency situations such as fire incidents,



Sustainability Statement (Contd.)

equipment failures, and site evacuations. These drills are designed to familiarise employees with evacuation procedures, assembly points, and the proper use of fire-fighting equipment. In addition, designated emergency response teams are established at site level to coordinate immediate actions during emergencies, with periodic reviews conducted to enhance response effectiveness and ensure continuous improvement in emergency preparedness capabilities.

Safety performance also monitored regularly at operational level, with findings escalated to management for review and continuous improvement.

	FYE 2024	FYE 2025	FYE 2026
Employee trained on OHS	39	177	161
Total Reported Industrial Accident	0	0	1
Number of work-related fatalities	0	0	0
Lost-Time Incident Rate	0	0	1.40

The Group continued to strengthen its occupational health and safety (OHS) practices over the three financial years, with the number of employees trained on OHS increasing significantly from 39 in FYE 2024 to 177 in FYE 2025 before slightly decreasing to 161 in FYE 2026, reflecting continued emphasis on safety awareness and competency development.

The Group maintained zero reported industrial accidents and zero work-related fatalities in both FYE 2024 and FYE 2025. In FYE 2026, one industrial accident was recorded, resulting in a Lost-Time Incident Rate (LTIR) of 1.40, while no work-related fatalities were reported. Overall, the Group's safety performance remained at a satisfactory level, supported by ongoing safety training and monitoring initiatives. The Group aims to continuously improve its occupational health and safety performance by enhancing risk management practices, strengthening supervision, and promoting employee participation in safety initiatives.

Fair Employment Practices and Well-Being

At QC, we are committed to upholding fair employment practices and fostering a safe, inclusive, and supportive working environment across all subsidiaries and operating sites. Employment practices are guided by applicable labour laws and principles of non-discrimination, ensuring that recruitment, remuneration, promotion, and termination processes are conducted fairly and based on merit, skills, and job performance. The Group promotes equal opportunity in the workplace and does not condone any form of discrimination based on gender, age, ethnicity, religion, or background.

Employee welfare is further supported through timely wage payments, structured working arrangements, and access to appropriate workplace facilities. The Group continues to place emphasis on maintaining a stable and motivated workforce by promoting employee engagement, training opportunities, and continuous improvement in workplace practices to support long-term retention and productivity.

Total Training Hour for each Employee Category

Employee Category	FYE 2024	FYE 2025	FYE 2026
Management	714	857	570
Executive	472	251	137
Non-Executive	461	297	356
General Workers	104	278	106
Total	1,751	1,683	1,169

QC Group adopts a structured and competency-based training approach to progressively increase the average training hours per employee category, ensuring alignment with operational risk profiles and business needs. Training plans are developed based on role criticality, with higher exposure functions such as site operations, plant operations, and technical roles receiving priority in both technical and safety-related development programmes.

Going forward, QC expects a gradual and sustained increase in average training hours per employee, supported by a combination of internal knowledge sharing, certified external programmes, and on-the-job training. This approach aims not only to enhance workforce competency and compliance, but also to strengthen productivity, safety awareness, and long-term talent development across all subsidiaries.

Sustainability Statement (Contd.)

Group Employee Age Distribution

Age Group Range	FYE 2024	FYE 2025	FYE 2026
< 30 years	58	48	46
30 – 50 years	186	193	193
> 50 years	117	118	119
Total	361	359	358

The Group's employee age distribution over FYE 2024 to FYE 2026 reflects a relatively stable but gradually declining total workforce, with headcount decreasing from 361 to 358 employees. The 30–50 years age group consistently represents the largest proportion of employees, indicating a core workforce of experienced personnel in their mid-career stage. Employees aged above 50 years have shown a slight increase over the period, from 117 in FYE 2024 to 119 in FYE 2026, suggesting continued retention of senior and experienced employees, which contributes positively to institutional knowledge and operational continuity. Meanwhile, the under-30 category shows a gradual decrease from 58 to 46, indicating a need to strengthen recruitment and talent pipeline development for younger employees. We look forward to strengthening the <30 employee category by enhancing recruitment of young talent to support long-term workforce sustainability.

Group Gender Diversity

Employee Category	Male			Female		
	FYE 2024	FYE 2025	FYE 2026	FYE 2024	FYE 2025	FYE 2026
Management	38	38	39	16	19	18
Executive	12	14	9	15	13	12
Non-Executive	144	146	155	47	44	40
General Workers	73	69	72	16	16	13
Total	267	267	275	94	92	83

QC's workforce has a higher proportion of male employees primarily due to the nature of its core business activities in construction, manufacturing, and engineering-related operations, which traditionally involve more physically demanding site-based and technical roles. These sectors have historically attracted a larger male labour pool, particularly in roles such as site supervision, plant operation, machinery handling, and field maintenance. In addition, the availability of female candidates in certain technical and site-heavy disciplines has been comparatively limited in the local labour market. However, QC continues to promote inclusive hiring practices and gradually increase female participation, especially in administrative, professional, and technical support functions, while also encouraging broader gender diversity across suitable operational roles.

Total Employee Turnover

	FYE 2024	FYE 2025	FYE 2026
Number of employee turnover	60	31	43
Employee turnover rate	16	9	12

The Group's employee turnover rate has fluctuated over the three-year period. The Group's employee turnover rate has fluctuated over the three-year period. Despite these fluctuations, the Group continues to strengthen its employee retention efforts through improved workforce planning, structured engagement initiatives, and competitive talent development programmes. Moving forward, QC aims to further enhance retention by strengthening career progression pathways, increasing employee engagement initiatives, and improving project workforce continuity planning to better stabilise manpower across project cycles.

Sustainability Statement (Contd.)

Human Right Commitment

QC Group is firmly committed to upholding and respecting human rights across all aspects of its operations. The Group's approach is guided by internationally recognised principles, including fair labour practices, non-discrimination, and the provision of a safe and respectful working environment for all employees and stakeholders. Human rights considerations are integrated into the Group's governance framework and operational decision-making to ensure that business activities are conducted responsibly and ethically.

To support this commitment, QC has established internal policies and procedures covering key areas such as equal employment opportunity, prohibition of forced and child labour, workplace safety, and grievance handling mechanisms. These policies apply across all subsidiaries and are communicated to employees, contractors, and relevant business partners. The Group also embeds human rights expectations into its recruitment practices, subcontractor engagement, and supplier selection processes to promote responsible conduct throughout its value chain.

	FYE 2024	FYE 2025	FYE 2026
Number of substantial complaints concerning human rights violations/ discriminations	0	0	0

Moving forward, QC remains committed to continuously strengthening its human rights practices as part of its broader sustainability and governance agenda. The Group will continue to promote awareness, reinforce accountability, and ensure that respect for human rights remains an integral part of its organisational culture and business operations.

Community Engagement

During the year, QC Group continued to strengthen its commitment to community engagement as part of its broader sustainability and social responsibility agenda. The Group recognises that its role extends beyond business operations, and actively seeks to contribute positively to the communities in which it operates. This commitment is demonstrated through participation in various community-focused initiatives aimed at supporting social wellbeing, promoting environmental awareness, and fostering stronger relationships with local stakeholders.

One of the key initiatives undertaken was involvement in charity sales and fundraising activities. Through participation and support in these programmes, QC contributed to efforts aimed at assisting underprivileged groups and supporting charitable organisations. These initiatives not only provided financial support but also encouraged employee participation in meaningful causes, reinforcing a culture of empathy, teamwork, and social responsibility within the organisation. The Group views such initiatives as an important channel to give back to society and to support community development needs.



In addition, QC initiated and organised plogging activities, encouraging employees to participate in combining physical activity with environmental clean-up efforts. This initiative was designed to foster a stronger sense of environmental responsibility among staff while contributing to cleaner and healthier public spaces.

Moving forward, QC remains committed to expanding its community engagement efforts by continuing to support charitable initiatives and environmental programmes. The Group aspires to further strengthen employee involvement in community activities and build more collaborative partnerships with local organisations. Through these ongoing efforts, QC aims to create sustained social value and contribute meaningfully to the wellbeing of society and the environment.



Sustainability Statement (Contd.)

GOVERNANCE

QC Group is committed to conducting its business with the highest standards of ethical conduct, integrity, and accountability in line with the principles expected under Bursa Malaysia's corporate governance framework.

Code of Conduct Ethics

The Group has established a Code of Conduct that sets out clear expectations for ethical behaviour across all levels of the organisation, including directors, management, employees, and business partners. This Code serves as a guiding principle in ensuring that all business decisions and actions are carried out responsibly, transparently, and in compliance with applicable laws and regulations.

Anti-Corruption and Bribery Policy

In support of these ethical standards, QC has implemented robust anti-bribery and anti-corruption measures in line with the requirements of the Malaysian Anti-Corruption Commission Act 2009 and the principles of adequate procedures. The Group maintains a strict zero-tolerance policy towards any form of bribery, corruption, or unethical practices. Clear policies and reporting mechanisms are in place to govern dealings with external parties, including customers, suppliers, contractors, and government-related stakeholders, to ensure that all transactions are conducted with integrity and without undue influence.

Number of Employees Received Anti-Corruption Training

	FYE 2024	FYE 2025	FYE 2026
Number of employees who received anti-corruption training	-	183	248

Reported Incident

	FYE 2024	FYE 2025	FYE 2026
Number of corruption and bribery incidents	0	0	0
Number of substantiated complaints concerning breaches of customer privacy or data loss	0	0	0

Whistleblowing and Reporting Mechanisms

QC Group has established a whistleblowing and reporting mechanism to support its commitment to transparency, integrity, and good governance. The mechanism provides a formal channel for employees and external stakeholders to report any suspected misconduct, unethical behaviour, or breaches of laws, regulations, or internal policies, including matters relating to fraud and corruption. All reports may be submitted directly to the Chairman of the Audit Committee to ensure independence and proper oversight of the investigation process.

The Group treats all disclosures with strict confidentiality and ensures that whistleblowers acting in good faith are protected from any form of retaliation or adverse action. Full details of the whistleblowing procedures are made available on the Group's corporate website for easy reference by all stakeholders.

Sustainability Statement (Contd.)

Data Privacy and Cybersecurity

QC Group recognises data privacy and cybersecurity as critical components of its governance framework and operational resilience. The Group's approach is grounded in the principle of safeguarding the confidentiality, integrity, and availability of all information assets, including employee data, commercial records, and stakeholder information. This commitment is aligned with applicable legal and regulatory requirements, and forms an integral part of QC's overall risk management and governance structure.

The Group adopts a structured approach to information security by implementing internal controls that govern the collection, storage, processing, and sharing of data across its operations. Access to sensitive information is restricted based on authorised roles and responsibilities, ensuring that only relevant personnel are granted access on a need-to-know basis. These controls are designed to minimise exposure to data breaches, unauthorised access, and operational disruptions.

In terms of cybersecurity management, QC continuously monitors and manages risks arising from digital systems and technological infrastructure. The Group recognises the increasing complexity of cyber threats and therefore integrates cybersecurity considerations into its operational processes and decision-making. This includes maintaining system safeguards and ensuring that security practices are embedded within day-to-day business activities.

QC also places strong emphasis on building awareness and accountability among employees regarding data protection and cybersecurity responsibilities. Employees are expected to handle information responsibly and adhere to established procedures when managing digital systems and sensitive data. This culture of responsibility is essential in supporting the effectiveness of the Group's overall data protection framework.

Moving forward, QC expects to continuously enhance its data privacy and cybersecurity capabilities in line with evolving regulatory expectations and technological advancements. The Group aims to strengthen system resilience, improve risk detection and response capabilities, and further embed cybersecurity considerations into its governance and operational processes. This ongoing commitment supports the Group's objective of maintaining stakeholder trust and ensuring business continuity in an increasingly digital environment.

Conclusion

This Statement reflects QC Group's ongoing commitment to strengthening its social and environmental responsibility across its construction, manufacturing, and property development operations. As the Group progresses along its sustainability journey, it remains committed to keeping abreast of evolving global developments and regulatory expectations, particularly the requirements under International Financial Reporting Standards IFRS S1 and IFRS S2, in order to further embed sustainable practices within its business activities. Moving forward, QC Group will continue to enhance its sustainability governance, improve data quality and transparency, and align its disclosures with applicable listing requirements and industry standards. The Group remains focused on strengthening its overall sustainability performance while delivering long-term, resilient value to its shareholders and contributing positively to the broader community and environment.

QUALITY CONCRETE HOLDINGS BHD

BMLR Transition Period

Date & Time: 2026-05-26_09:14:58
Main Market | Group 2 | FYE 31/01/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Energy consumption	Total electricity usage	Gigajoule/year	14,406	18,428	Reduce ≤ 5% volume of consumption	Internal
GHG emission	Scope 1 emission	tCO2e/year	2,143.77	2,599.62	Reduce ≤ 5% volume of consumption	Internal
GHG emission	Scope 2 emission	tCO2e/year	796.32	1,018.64	Reduce ≤ 5% volume of consumption	Internal
GHG emission	Scope 3 emission	tCO2e/year	729.29	13,370.30	Improve data coverage for relevant categories in Scope 3	Internal
Fuel usage (Fleet & machinery)	Diesel consumption	litres/year	820,908.33	947,428.39	Reduce ≤ 5% volume of consumption	Internal
Water consumption	Total water used	Megalitres/year	259.98	15113	Reduce ≤ 5% volume of consumption	Internal
Waste management	Waste generated from different subsidiaries	tonnes/year	502	3,993	Achieve comprehensive waste data recording coverage and implement efficiency improvements in waste management processes to reduce waste generation	Internal
Ethical business practices / Anti-Corruption	Number of corruption incident	Number	0	0	Maintain zero-corruption incidents	Internal
Health and safety	Number of work-related fatalities	Number	0	0	Maintain zero work-related fatalities	Internal
Health and safety	Lost Time Injury Rate (LTIR)	Rate	0	0	Maintain zero work place incidents	Internal
Labour Practices and Standard	Employee turnover rate	Rate	9	12	Lower the employee turnover rate by ≤ 2%	Internal
Training and development	Total hours of employee training	Hours	1,683	1,169	Increase ≥5% of total training hours	Internal
Supply chain management	Local procurement percentage	Percentage	92	93	Maintain high proportion of spending on local suppliers	Internal

QUALITY CONCRETE HOLDINGS BHD

BMLR Transition Period

Date & Time: 2026-05-26_09:14:58
Main Market | Group 2 | FYE 31/01/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Maintain zero case concerning breaches of customer privacy and losses of customer data	Internal
Technology efficiency	Reduction in operational downtime through technology enhancement	Percentage of reduction	Initial stage of planning	Pilot implementation	Reduce downtime by 20% by 2030	Internal
Diversity, equity and inclusion	Percentage of female employees	Percentage	26	23	Uphold equal opportunity and diversity commitment	Internal
Community/Society	Total community investment	Ringgit Malaysia (RM)	-	-	Conduct yearly community & sustainability-related programmes	Internal

▶ Directors' Report and Audited Financial Statements



Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2026.

Principal activities

The principal activities of the Company are that of investment holding and the provision of management services. There have been no significant changes in the nature of these principal activities during the financial year.

Subsidiaries

The principal activities and other details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

Results

	Group RM'000	Company RM'000
(Loss)/Profit for the year	<u>(9,037)</u>	<u>10,157</u>
(Loss)/Profit for the year attributable to:		
- Owners of the Company	(10,704)	10,157
- Non-controlling interests	<u>1,821</u>	<u>-</u>
	<u>(8,883)</u>	<u>10,157</u>

Reserves and provisions

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

Dividends

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

Directors' Report (Contd.)

Directors

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

Tiang Ching Kok	(Also a director of certain subsidiaries)
Ha Tiuen Kiong	(Also a director of a subsidiary)
Paul Chiam Tau Keen	(Also a director of certain subsidiaries)
Felix Wong Khung Chui	
Lynda Chong Hui Lyn	
Pang Kim Soo	

The directors of the Company's subsidiaries in office since the beginning of the financial year and up to the date of this report (not including those directors listed above) are:

Chin Yoke Lian
Datuk Hajjah Raziah @ Rodiah Binti Mahmud
Datin Ha Ai Ing
Thian Sian Chung
Tiang Chiin Ling
Tiang Chiin Yew
David Goh Hong Chiang
George Tang Yuon
Kua Boo Tua
Lee Ho Jin
Noor Fazlina binti Ramli
Ramon @ Raymond bin Taki

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with a 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 (Contd.)**Directors' benefits** (continued)

The Directors' benefits payable to or receivables by Directors' of the Company in respect of the financial year ended 31 January 2026 are as follow:

	Company RM'000	Subsidiary companies RM'000
Directors of the Company:		
Fees	72	276
Short term employee benefits	36	1,456
Estimated monetary value of benefit-in-kind	4	49
Total Directors' remuneration	<u>112</u>	<u>1,781</u>

Directors' interests

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interest of a director in office at the end of the financial year in shares in the Company or its related corporations during the financial year was as follows:

**Number of ordinary shares
At 1 February 2025 and 31 January 2026**

Direct interest:

Tiang Ching Kok – Own	3,282,500
Tiang Ching Kok – Others*	14,726,500

**Held by Tiang Ching Kok's mother and siblings.*

The other Directors holding office at 31 January 2026 had not dealt in the shares in the Company and of its related corporations during and at the end of the financial year.

Indemnification of directors and officers

No indemnity was given to or insurance effected for any Director and officers of the Group and of the Company during the financial year. No payment has been made to indemnify the Directors for the financial year ended 31 January 2026.

Directors' Report (Contd.)

Other statutory information

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in these financial statements inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (Contd.)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

Auditors' remunerations of the Group and the Company during the year are RM388,000 and RM92,000 respectively.

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

.....
Tiang Ching Kok

Director

.....
Paul Chiam Tau Keen

Director

Kuching,

Date: 29 May 2026

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 74 to 148 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2026 and of its financial performance and cash flows for the financial year then ended.

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

.....
Tiang Ching Kok
Director

.....
Paul Chiam Tau Keen
Director

Kuching,

Date: 29 May 2026

Statutory Declaration

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

I, **Paul Chiam Tau Keen (MIA CA 14900)**, being the Director primarily responsible for the financial management of Quality Concrete Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 148 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuching in the State of Sarawak on 29 May 2026.

.....
Paul Chiam Tau Keen

Before me,
Kuan Sie Fung
(No. Q138)
Commissioner For Oaths

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 January 2026

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue	3	190,498	155,822	-	-
Cost of sales		(178,339)	(143,236)	-	-
Gross profit		12,159	12,586	-	-
Other income	4	2,142	5,991	11,001	344
Selling and marketing expenses		(2,998)	(3,067)	-	-
Administrative expenses		(10,919)	(10,682)	(736)	(796)
Net loss on impairment of financial instruments		(789)	(725)	-	-
Other expenses		(2,202)	(2,971)	-	(236)
Operating (loss)/profit		(2,607)	1,132	10,265	(688)
Finance costs	5	(6,588)	(5,961)	(108)	(88)
Share of results of an associate	16	(38)	(61)	-	-
(Loss)/Profit before tax	6	(9,233)	(4,890)	10,157	(776)
Income tax expense	9	350	(2,054)	-	-
(Loss)/Profit net of tax		(8,883)	(6,944)	10,157	(776)
Other comprehensive income/(loss)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(154)	103	-	-
Total comprehensive (loss)/profit for the year		(9,037)	(6,841)	10,157	(776)

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 January 2026 (Contd.)

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
(Loss)/Profit attributable to:					
Equity holders of the parent		(10,704)	(8,045)	10,157	(776)
Non-controlling interests	15	1,821	1,101	-	-
		<u>(8,883)</u>	<u>(6,944)</u>	<u>10,157</u>	<u>(776)</u>
Total comprehensive (loss)/ income for the year					
Equity holders of the parent		(10,858)	(7,942)	10,157	(776)
Non-controlling interests	15	1,821	1,101	-	-
		<u>(9,037)</u>	<u>(6,841)</u>	<u>10,157</u>	<u>(776)</u>
Loss per share attributable to equity holders of the parent (sen):					
Basic and diluted	10	<u>(18.47)</u>	<u>(13.88)</u>		

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

Statements of Financial Position

as at 31 January 2026

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Assets					
Property, plant and equipment	11	42,588	49,819	30	11
Inventories	12	41,594	41,594	-	-
Investment properties	13	16,130	16,395	2,339	2,392
Investment in subsidiaries	15	-	-	139,086	127,986
Investment in associate	16	17	55	-	-
Deferred tax assets	24	4,024	434	-	-
Total non-current assets		<u>104,353</u>	<u>108,297</u>	<u>141,455</u>	<u>130,389</u>
Inventories	12	28,511	24,721	-	-
Trade and other receivables	18	66,679	65,922	3,813	3,639
Deposits and prepayments	19	5,841	7,305	-	-
Contract assets	20	33,580	34,574	-	-
Tax recoverable		886	1,822	34	7
Other financial assets	17	13,843	11,646	84	83
Cash and cash equivalents	21	16,708	8,456	49	153
Total current assets		<u>166,048</u>	<u>154,446</u>	<u>3,980</u>	<u>3,882</u>
Total assets		<u>270,401</u>	<u>262,743</u>	<u>145,435</u>	<u>134,271</u>
Equity					
Share capital	25	82,956	82,956	82,956	82,956
Other reserves	26	372	526	-	-
(Accumulated losses)/ Retained earnings		<u>(15,625)</u>	<u>(4,921)</u>	<u>38,494</u>	<u>28,337</u>
		67,703	78,561	121,450	111,293
Non-controlling interest	15	5,218	3,397	-	-
Total equity		<u>72,921</u>	<u>81,958</u>	<u>121,450</u>	<u>111,293</u>
Liabilities					
Loans and borrowings	22	6,833	10,085	-	-
Deferred tax liabilities	24	1,681	1,225	-	-
Total non-current liabilities		<u>8,514</u>	<u>11,310</u>	<u>-</u>	<u>-</u>

Statements of Financial Position

as at 31 January 2026 (Contd.)

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Loans and borrowings	22	99,135	95,296	1,344	1,396
Trade and other payables	23	88,029	73,814	22,641	21,582
Tax payable		1,772	-	-	-
Contract liabilities	20	30	365	-	-
Total current liabilities		<u>188,966</u>	<u>169,475</u>	<u>23,985</u>	<u>22,978</u>
Total liabilities		<u>197,480</u>	<u>180,785</u>	<u>23,985</u>	<u>22,978</u>
Total equity and liabilities		<u>270,401</u>	<u>262,743</u>	<u>145,435</u>	<u>134,271</u>

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

Consolidated Statement of Changes In Equity

For The Financial Year Ended 31 January 2026

	Attributable to owners of the Company					
	Share capital RM'000	Foreign currency translation reserves RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Group						
At 1 February 2024	82,956	423	4,369	87,748	1,051	88,799
Loss net of tax	-	-	(8,045)	(8,045)	1,101	(6,944)
Other comprehensive loss	-	103	-	103	-	103
Total comprehensive loss	-	103	(8,045)	(7,942)	1,101	(6,841)
Acquisition of additional interests from minority interests	-	-	(1,245)	(1,245)	1,245	-
At 31 January 2025/1 February 2025	82,956	526	(4,921)	78,561	3,397	81,958
Loss net of tax	-	-	(10,704)	(10,704)	1,821	(8,883)
Other comprehensive income	-	(154)	-	(154)	-	(154)
Total comprehensive loss	-	(154)	(10,704)	(10,858)	1,821	(9,037)
At 31 January 2026	82,956	372	(15,625)	67,703	5,218	72,921
	(Note 25)	(Note 26)			(Note 15)	

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

Statement of Changes In Equity

For The Financial Year Ended 31 January 2026

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Company			
At 1 February 2024	82,956	29,113	112,069
Total comprehensive loss	-	(776)	(776)
At 31 January 2025/1 February 2025	<u>82,956</u>	<u>28,337</u>	<u>111,293</u>
Total comprehensive income	-	10,157	10,157
At 31 January 2026	<u>82,956</u>	<u>38,494</u>	<u>121,450</u>
	(Note 25)		

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

Statements of Cash Flows

For The Financial Year Ended 31 January 2026

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(9,233)	(4,890)	10,157	(776)
Adjustments for:					
Depreciation of property, plant and equipment	6	7,455	7,429	-	17
Depreciation of investment properties	6	265	200	53	53
Dividend income from other investment	4	(11)	(12)	-	-
Gain on partial disposal in a subsidiary		-	-	(10,800)	-
Net loss on disposal of property, plant and equipment	6	59	16	-	-
Net loss on impairment of financial instruments		789	725	-	-
Impairment loss on:					
- investment in a subsidiary	6	-	-	-	236
- property, plant and equipment	6	-	307	-	-
Interest income	4	(771)	(710)	(2)	(3)
Interest expense	5	6,406	5,738	107	86
Inventories written off	6	-	458	-	-
Property, plant and equipment written off		5	830	-	-
Net impairment/(reversal) for obsolete stocks	6	329	(99)	-	-
Share of results of an associate		38	61	-	-
Operating profit/(loss) before working capital changes		<u>5,331</u>	<u>10,053</u>	<u>(485)</u>	<u>(387)</u>

Statements of Cash Flows

For The Financial Year Ended 31 January 2026 (Contd.)

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash flows from operating activities (continued)					
Increase in inventories		(4,119)	(301)	-	-
(Decrease)/Increase in receivables, deposits and prepayments		(82)	(4,043)	-	19
Increase in payables		15,161	2,585	10	9
Decrease/(Increase) in contract balances		659	(7,637)	-	-
Cash generated from/ (used in) operations		16,950	657	(475)	(359)
Interest paid		(6,406)	(5,738)	(107)	(86)
Taxes paid, net of refund		(76)	(1,814)	(27)	(33)
Net cash generated from/ (used in) operating activities		10,468	(6,895)	(609)	(478)
Cash flows from investing activities					
Acquisition of property, plant and equipment	11	(1,478)	(2,593)	(19)	-
Interest received		771	710	2	3
Capital gain tax paid on partial disposal in a subsidiary		-	-	(300)	-
Proceeds from disposal of property, plant and equipment		90	292	-	-
Proceeds from disposal of other investments		-	121	-	-
Net cash (used in)/ generated from investing activities		(617)	(1,470)	(317)	3

Statements of Cash Flows

For The Financial Year Ended 31 January 2026 (Contd.)

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash flows from financing activities					
Increase in amount due from subsidiary companies		-	-	(174)	-
Increase in amount due to subsidiary companies		-	-	1,048	350
Increase in deposits pledged to licensed banks		(2,186)	(1,557)	-	-
Drawdown/(Repayment) from bankers' acceptances	(ii)	4,674	5,402	-	-
(Repayment)/Drawdown of invoice financing	(ii)	(2,027)	(8,089)	-	-
Repayment of lease liabilities	(ii)	(4,991)	(3,474)	-	-
(Repayment)/drawdown of term loan	(ii)	(1,194)	(1,503)	-	-
Drawdown/(Repayment) of revolving credit	(ii)	-	500	-	-
Net cash (used in)/ generated from financing activities		<u>(5,724)</u>	<u>(8,721)</u>	<u>874</u>	<u>350</u>
Net increase/(decrease) in cash and cash equivalents		4,127	(17,086)	(52)	(125)
Cash and cash equivalents at 1 February		<u>(18,179)</u>	<u>(1,093)</u>	<u>(713)</u>	<u>(588)</u>
Cash and cash equivalents at 31 January	(i)	<u>(14,052)</u>	<u>(18,179)</u>	<u>(765)</u>	<u>(713)</u>

Note:

- (i) Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash and cash equivalents (Note 21)	16,708	8,456	49	153
Bank overdrafts (Note 22)	<u>(30,760)</u>	<u>(26,635)</u>	<u>(814)</u>	<u>(866)</u>
Cash and cash equivalents	<u>(14,052)</u>	<u>(18,179)</u>	<u>(765)</u>	<u>(713)</u>

Statements of Cash Flows

For The Financial Year Ended 31 January 2026 (Contd.)

Note:

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

<u>Group</u>	Banker's acceptances RM'000	Invoice financing RM'000	Lease liabilities RM'000	Term loan RM'000	Revolving credit RM'000	Total RM'000
At 1 February 2024	31,533	29,192	10,594	10,006	5,000	86,325
Changes in financing cash flows	5,402	(8,089)	(3,474)	(1,503)	500	(7,164)
Derecognition	-	-	(415)	-	-	(415)
At 31 January 2025/ 1 February 2025	36,935	21,103	6,705	8,503	5,500	78,746
Changes in financing cash flows	4,674	(2,027)	(4,991)	(1,194)	-	(3,538)
Derecognition	-	-	-	-	-	-
At 31 January 2026	41,609	19,076	1,714	7,309	5,500	75,208
<u>Company</u>						
At 1 February 2024	500	-	30	-	-	530
Changes in financing cash flows	-	-	-	-	-	-
At 31 January 2025/ 1 February 2025	500	-	30	-	-	530
Changes in financing cash flows	-	-	-	-	-	-
At 31 January 2026	500	-	30	-	-	530

Statements of Cash Flows

For The Financial Year Ended 31 January 2026 (Contd.)

Note:

(ii) Cash outflows for leases as a lessee

Included in the net cash from operating activities comprise the following payments made for leases as a lessee:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Payments relating to:				
- short-term leases	118	34	-	-
- leases of low-value assets	-	1	-	-
Interest expense from lease liabilities	491	609	-	3
Total cash outflows for leases	<u>609</u>	<u>644</u>	<u>-</u>	<u>3</u>

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

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026

1. Corporate information

Quality Concrete Holdings 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 and principal place of business is located at Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak.

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

These financial statements have also been prepared on the historical cost basis unless otherwise disclosed.

These financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2.1 Statement of compliance

The following are amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and by the Company:

MFRS Accounting Standards/Amendment/Interpretation	Effective date
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments</i>	1 January 2026

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

2. Basis of preparation (continued)

2.2 Statement of compliance (continued)

MFRS Accounting Standards/Amendment/Interpretation	Effective date
Amendments that are part of Annual Improvements — Volume 11:	1 January 2026
➤ Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	
➤ Amendments to MFRS 7, <i>Financial Instruments: Disclosures</i>	
➤ Amendments to MFRS 9, <i>Financial Instruments</i>	
➤ Amendments to MFRS 10, <i>Consolidated Financial Statements</i>	
➤ Amendments to MFRS 107, <i>Statement of Cash Flows</i>	
Amendments to MFRS 9, <i>Financial Instruments</i> and MFRS 7, <i>Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121, <i>The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group and the Company plan to apply the abovementioned accounting standards and amendments, where applicable:

- from the annual period beginning on 1 February 2026 for those amendments that are effective for annual periods beginning on or after 1 January 2026; and
- from the annual period beginning on 1 February 2027 for those accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

2. Basis of preparation (continued)

2.3 Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Revenue recognition relating to construction contracts (Note 3)
- Impairment assessment of non-financial assets (Note 11)
- Impairment assessment of properties held for sale (Note 12)
- Impairment assessment on investments in subsidiaries (Note 15)
- Impairment assessment on receivables (Note 18)
- Recognition of deferred tax assets (Note 24)

3. Revenue

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue from contracts with customers	<u>190,498</u>	<u>155,822</u>	<u>-</u>	<u>-</u>
Primary geographical market - Malaysia	<u>190,498</u>	<u>155,822</u>	<u>-</u>	<u>-</u>

(a) Disaggregation of revenue from contracts with customers:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Construction contracts	64,112	50,065	-	-
Property development	35	-	-	-
Manufacturing	78,191	59,777	-	-
Trading	2,201	1,583	-	-
Road management and maintenance	<u>45,959</u>	<u>44,397</u>	<u>-</u>	<u>-</u>
	<u>190,498</u>	<u>155,822</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

3. Revenue (continued)

(a) Disaggregation of revenue from contracts with customers: (continued)

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Timing of revenue recognition:				
- at a point in time	74,427	61,360	-	-
- over time	116,071	94,462	-	-
	<u>190,498</u>	<u>155,822</u>	<u>-</u>	<u>-</u>

Information regarding receivables and contract balances are disclosed in Note 18 and Note 20, respectively.

(b) Transaction prices allocated to the remaining performance obligations are as follows:

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Construction contracts				
- Within one year	382,924	82,465	-	-
- More than one year	303,878	165,000	-	-
	<u>686,802</u>	<u>247,465</u>	<u>-</u>	<u>-</u>
Road management and maintenance				
- Within one year	38,476	36,715	-	-
- More than one year	115,427	183,573	-	-
	<u>153,903</u>	<u>220,288</u>	<u>-</u>	<u>-</u>

For short-term contracts, the Group applies the practical expedients on exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

3. Revenue (continued)

(d) Salient terms of sales are as follows:

- (i) Construction contracts - Credit period of 60 to 90 (2025: 60 to 90) days from invoicing date. Subject to defect liability period of at least 1 year from handover. Variable consideration includes liquidated and ascertained damages arising from late completion, as established in contracts.
- (ii) Property development - Credit period of 30 to 60 (2025: 30 to 60) days from invoicing date. Subject to defect liability period of 6 months from vacant possession date.
- (iii) Manufacturing - Credit period of 60 to 90 (2025: 60 to 90) days from invoicing date. No material warranty or refund obligation.
- (iv) Trading - Credit period of 30 to 60 (2025: 30 to 60) days from invoicing date. No material warranty or refund obligation.
- (v) Road management and maintenance - Credit period of 30 days from invoicing date. Defect liability period up to 24 months, depending on the nature of contract works performed.

(e) Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- (i) For construction contracts, the Group measures the performance of construction work done based on input method by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete, the extent of the costs incurred and the estimated total revenue (for contracts other than fixed contracts) and costs. Judgements are also required in estimating the ability to deliver contracts within the contractual time and potential claims and penalties for late deliveries. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making these estimates, the Group relied on past experiences and the assessment of its experienced team and experts.
- (ii) For road management and maintenance contracts, the Group measures the performance of work done based on output method measured by reference to survey of work performed. In making these estimates, the Group relied on past experiences and the assessment of its experienced team and experts.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

4. Other income

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Dividend income from other investment	11	12	-	-
Gain on partial disposal of shares in subsidiary	-	-	10,800	-
Gain on disposal of property, plant and equipment	13	-	-	-
Gain on disposal of properties held for sale	19	-	-	-
Insurance claim	-	3,584	-	-
Interest income	771	710	2	3
Lease income	872	1,151	199	199
Sundry income	456	534	-	142
	<u>2,142</u>	<u>5,991</u>	<u>11,001</u>	<u>344</u>

5. Finance costs

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Interest expense from financial liabilities:				
Bank borrowings	5,915	5,129	107	86
Lease liabilities	491	609	-	-
	<u>6,406</u>	<u>5,738</u>	<u>107</u>	<u>86</u>
Add: Bank charges	182	223	1	2
	<u>6,588</u>	<u>5,961</u>	<u>108</u>	<u>88</u>

6. (Loss)/Profit before tax

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Auditors' remunerations:					
Audit fee					
- KPMG PLT - current		369	368	82	80
- KPMG PLT – under provision in prior year		-	30	-	30
- Other auditor		9	9	-	-
Non-audit fee					
- KPMG PLT		10	10	10	10
		<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

6. (Loss)/Profit before tax (continued)

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Material expense/ (income) other than those disclosed elsewhere in the financial statements					
Depreciation of investment properties	13	265	200	53	53
Depreciation of property, plant and equipment	11	7,455	7,429	-	17
Impairment loss on:					
- investment in subsidiaries	15	-	-	-	236
- property, plant and equipment	11	-	307	-	-
Inventories written off		-	458	-	-
Provision of foreseeable losses		-	706	-	-
Provision for liquidated ascertained damages		6,000	-	-	-
Net impairment/ (reversal) for obsolete stocks		329	(99)	-	-
Net loss on disposal of property, plant and equipment		59	16	-	-
Net changes in impairment loss					
Net loss on impairment of financial instruments		789	725	-	-

7. Employee benefits expense

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Salaries, allowances and bonus	15,527	14,290	106	104
Contributions to defined contribution plan	1,507	1,376	14	14
Social security contributions	214	183	2	2
Other benefits	97	111	-	-
	17,345	15,960	122	120

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

8. Directors' remuneration

Details of remunerations receivable by Directors, who are key management personnel of the Group and of the Company during the year are as follows:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,268	1,141	-	-
Fees	252	192	24	24
Contributions to defined contribution plans	188	167	-	-
Estimated money value of benefits-in-kind	53	52	4	4
Total executive directors' remuneration	1,761	1,552	28	28
Non-executive:				
Fees	96	72	48	48
Other emoluments	36	36	36	36
Total directors' remuneration	1,893	1,660	112	112

9. Income tax expense

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Statements of profit or loss and other comprehensive income:				
Income tax:				
- Current year income tax	2,762	1,493	-	-
- Under provision in respect of previous years	22	(6)	-	-
	2,784	1,487	-	-
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	(3,220)	1,255	-	-
- Under provision in respect of previous years	86	(688)	-	-
	(3,134)	567	-	-
Income tax expense for the year	(350)	2,054	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

9. Income tax expense (continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2026	2025
	RM'000	RM'000
Loss before tax	<u>(9,233)</u>	<u>(4,890)</u>
Tax at Malaysian statutory tax rate of 24% (2025: 24%)	(2,216)	(1,174)
Share of results of an associate	-	14
Income not subject to tax	(9)	(19)
Expenses not deductible for tax purposes	1,466	1,254
Movement in deferred tax assets not recognised	301	2,673
Under/(Over) provision of income tax in respect of previous years	22	(6)
Under/(Over) provision of deferred tax in respect of previous years	<u>86</u>	<u>(688)</u>
Income tax expense for the year	<u>(350)</u>	<u>2,054</u>
	Company	
	2026	2025
	RM'000	RM'000
Profit/(Loss) before tax	<u>10,157</u>	<u>(776)</u>
Tax at Malaysian statutory tax rate of 24% (2025: 24%)	2,438	(186)
Income not subject to tax	(2,592)	-
Expenses not deductible for tax purposes	<u>154</u>	<u>186</u>
Income tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

Current income tax is calculated at the Malaysia statutory tax rate of 24% (2025: 24%) of the estimated assessable profit for the year.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

10. Earnings per share (“EPS”)

Basic and diluted earnings per ordinary share

Basic earnings per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year, presented as follow:

	2026	2025
Loss attributable to owner of the parent (RM'000)	<u>(10,704)</u>	<u>(8,045)</u>
Weighted average number of ordinary shares in issue ('000)	<u>57,962</u>	<u>57,962</u>
Basic loss per share (sen)	<u>(18.47)</u>	<u>(13.88)</u>

The Group has no dilutive potential ordinary shares as at the reporting date and therefore, diluted loss per share is presented as equal to basic loss per share.

There have been no other transactions involving ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment

Group Cost	Note	Land RM'000	Buildings RM'000	Renovation RM'000	Plant, machinery, operating equipment and barge (own use) RM'000	Plant, machinery, operating equipment and barge (subject to operating lease) RM'000	Motor vehicles (own use) RM'000	Motor vehicles (subject to opera- ting lease) RM'000	Office furniture and equipment RM'000	Total RM'000
At 1 February 2024		12,216	30,845	3,501	80,420	893	28,592	1,291	3,624	161,382
Additions		206	421	63	1,297	-	383	-	223	2,593
Disposals		-	-	-	(1,663)	-	(940)	-	-	(2,603)
Written off		-	(1,108)	-	(2,911)	-	-	-	(8)	(4,027)
Derecognition		-	(415)	-	-	-	-	-	-	(415)
At 31 January 2025 and 1 February 2025		12,422	29,743	3,564	77,143	893	28,035	1,291	3,839	156,930
Additions		-	107	-	1,074	-	143	-	154	1,478
Disposals		-	-	-	-	-	(14)	-	(29)	(43)
Written off		-	-	-	(101)	-	(88)	-	(45)	(234)
Derecognition		-	(1,247)	-	-	-	-	-	-	(1,247)
At 31 January 2026		12,422	28,603	3,564	78,116	893	28,076	1,291	3,919	156,884
Accumulated depreciation and impairment										
At 1 February 2024		1,597	14,714	2,954	59,745	893	20,568	1,291	3,105	104,867
- Accumulated depreciation		1,597	14,369	1,141	58,021	893	20,568	1,291	2,899	100,779
- Accumulated impairment loss		-	345	1,813	1,724	-	-	-	206	4,088
Depreciation charge for the year	6	120	1,050	128	4,400	-	1,513	-	218	7,429
Disposals		-	-	-	(1,359)	-	(936)	-	-	(2,295)
Written off		-	(433)	-	(2,756)	-	-	-	(8)	(3,197)
Impairment loss		-	-	-	307	-	-	-	-	307
At 31 January 2025 and 1 February 2025		1,717	15,331	3,082	60,337	893	21,145	1,291	3,315	107,111
Accumulated depreciation		1,717	14,986	1,269	58,306	893	21,145	1,291	3,109	102,716
Accumulated impairment loss		-	345	1,813	2,031	-	-	-	206	4,395

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment (continued)

	Note	Land RM'000	Buildings RM'000	Renovation RM'000	Plant, machinery, operating equipment and barge (own use) RM'000	Plant, machinery, operating equipment (subject to operating lease) RM'000	Motor vehicles (own use) RM'000	Motor vehicles (subject to opera- ting lease) RM'000	Office furniture and equipment RM'000	Total RM'000
Group (continued)										
Accumulated depreciation and impairment (continued)										
At 31 January 2025 and 1 February 2025		1,717	15,331	3,082	60,337	893	21,145	1,291	3,315	107,111
- Accumulated depreciation		1,717	14,986	1,269	58,306	893	21,145	1,291	3,109	102,716
- Accumulated impairment loss		-	345	1,813	2,031	-	-	-	206	4,395
Depreciation charge for the year	6	378	823	99	4,499	-	1,526	-	130	7,455
Disposal		-	-	-	-	-	(14)	-	(27)	(41)
Written off		-	-	-	(100)	-	(88)	-	(41)	(229)
At 31 January 2026		2,095	16,154	3,181	64,736	893	22,569	1,291	3,377	114,296
Accumulated depreciation		2,095	15,809	1,368	62,705	893	22,569	1,291	3,171	109,901
Accumulated impairment loss		-	345	1,813	2,031	-	-	-	206	4,395
Net carrying amount										
At 31 January 2025		10,705	14,412	482	16,806	-	6,890	-	524	49,819
At 31 January 2026		10,327	12,449	383	13,380	-	5,507	-	542	42,588

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment (continued)

Company Cost	Note	Buildings RM'000	Motor vehicles (subject to operating lease) RM'000	Office furniture and equipment RM'000	Office renovation RM'000	Plant and machineries RM'000	Total RM'000
At 1 February 2024/31 January 2025		349	1,291	371	197	2,250	4,458
Additions		-	-	19	-	-	19
At 31 January 2024/31 January 2026		349	1,291	390	197	2,250	4,477
Accumulated depreciation							
At 1 February 2024		321	1,291	371	197	2,250	4,430
Depreciation charge for the year	6	17	-	-	-	-	17
At 31 January 2025 and 1 February 2025		338	1,291	371	197	2,250	4,447
Depreciation charge for the year	6	-	-	-	-	-	-
At 31 January 2026		338	1,291	371	197	2,250	4,447
Net carrying amount							
At 31 January 2025		11	-	-	-	-	11
At 31 January 2026		11	-	19	-	-	30

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment (continued)

(a) Right-of-use assets (continued)

Included in the carrying amount of property, plant and equipment are right-of-use assets as follows:

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
At 1 February 2024	10,132	1,481	5,721	1,490	18,824
Additions	-	421	738	642	1,801
Derecognition	-	(510)	-	(177)	(687)
Depreciation charge for the year	(347)	(469)	(1,793)	(978)	(3,587)
At 31 January 2025 and 1 February 2025	9,785	923	4,666	977	16,351
Additions	-	107	848	-	955
Derecognition	-	(83)	-	(54)	(137)
Depreciation charge for the year	(347)	(266)	(1,793)	(665)	(3,071)
At 31 January 2026	9,438	681	3,721	258	14,098

Company Cost	Buildings RM'000
At 31 January 2024 and 1 February 2024	28
Depreciation charge for the year	(17)
At 31 January 2025	11
Depreciation charge for the year	-
At 31 January 2026	11

The Group and the Company have lease contracts for various items of land, buildings, plant and machinery, and equipment and others used in its operations.

For new leases entered during the year, the Group and the Company applied significant judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective lease.

The Group and the Company have several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment (continued)

(b) Assets pledged for banking facilities

At the reporting date, property, plant and equipment of the Group with a total carrying amount of RM2,178,400 (2025: RM2,753,074) which are pledged for banking facilities granted to the Group (Note 22).

(c) The title to a parcel of leasehold land of the Group with carrying amount of RM1,019,905 (2025: RM1,052,805) has yet to be issued by the relevant authority.

(d) Impairment of property, plant and equipment

The recoverable amounts of the property, plant and equipment are assessed using higher of its value in use or fair value less cost to sell. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

In the prior financial years, the Group ceased operation in the manufacturing and trading of multi-layer PVC pipes. Consequently, the Group has assessed the recoverable amount of the affected assets and recorded impairment loss amounted to RM0.3 million determined by its fair value less cost to sell. Separately, the Group also recorded impairment loss amounted to RM4.1 million in respect to a plant and equipment involved in the manufacturing of pharmaceutical products and health products as well as plant and machineries involved in the manufacturing of multi-layer PVC pipes.

During the financial year under review, the Group re-estimated the recoverable amount of these assets on the similar basis and concluded that neither further impairment loss, nor any reversal of impairment loss previously made, is required.

(e) Property, plant and equipment subject to operating lease

The Group leases some of its property, plant and equipment to third parties. Subsequent renewals are negotiated with the lessee.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires two months of advance rental payments from the lessee.

The following are recognised in profit or loss:

	2026	2025
	RM	RM
Lease income	<u>696,000</u>	<u>696,000</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

11. Property, plant and equipment (continued)

(f) Significant judgements and estimation uncertainty

The Directors have determined the recoverable amounts of the non-financial assets based on the higher of value-in-use (“VIU”) or fair value less costs to sell (“FVLCTS”). The VIUs are based on the discounted future net cash inflows estimated to be generated by the non-financial assets.

Due to the degree of judgement involved in the estimation of recoverable amount and assumptions of future events that are inherently uncertain, any changes in judgements and the related estimates throughout the useful lives of the non-financial assets could result in material adjustments to the carrying amounts of non-financial assets, which can either be positive or negative.

(g) Material accounting policy information

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Freehold land has unlimited useful lives and therefore is not amortised.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	4-50 years
• Renovation	10 years
• Plant, machinery, operating equipment and barge	4-15 years
• Motor Vehicles	4-10 years
• Office furniture and equipment	3-10 years

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

12. Inventories

	Group	
	2026	2025
	RM'000	RM'000
Non-current		
Land held for property development	41,594	41,594
Current		
At cost		
Raw materials	9,146	3,672
Semi-finished and finished goods	12,750	14,519
Consumables	250	106
Developed properties held for sale	6,115	6,116
	<u>28,261</u>	<u>24,413</u>
At net realisable value		
Finished goods	250	308
	<u>28,511</u>	<u>24,721</u>
Total inventories	<u>70,105</u>	<u>66,315</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	57,567	41,352
Net impairment/(reversal) for obsolete stocks	329	(99)
Inventories written off	-	458
Write-down to net realisable value	-	-

Certain parcels of the leasehold land of the Group amounting to RM27,976,139 (2025: RM27,976,139) are pledged as securities for borrowings as disclosed in Note 22.

Certain parcels of vacant land and shophouses under properties held for sale of the Group amounting to RM3,048,701 (2025: RM3,048,701) are pledged as securities for borrowings as disclosed in Note 22.

12.1 Material accounting policy information

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:

- (i) Raw materials: purchase costs on a weighted average cost method.
- (ii) Finished goods and semi-finished goods: costs 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 method.
- (iii) Consumables: purchase costs on a weighted average cost method.
- (iv) Properties held for sale: cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

12. Inventories (continued)

12.2 Significant judgements and estimation uncertainty

For impairment assessment of certain developed properties held for sale, the Group has engaged an external independent property valuer, whom had determined the value based on comparison method by reference to similar/comparable properties in markets, adjusted for differences in key attributes such as property size, areas and restoration costs.

13. Investment properties

Group		Freehold land	Leasehold land	Buildings	Total
Cost	Note	RM'000	RM'000	RM'000	RM'000
At 31 January 2025 and 2026		13,088	2,352	2,301	17,741
Accumulated depreciation					
At 1 February 2024		-	66	1,080	1,146
Depreciation charge for the year	6	-	33	167	200
At 31 January 2025 and 1 February 2025		-	99	1,247	1,346
Depreciation charge for the year	6	-	86	179	265
At 31 January 2026		-	185	1,426	1,611
Net carrying amount					
At 31 January 2025		13,088	2,253	1,054	16,395
At 31 January 2026		13,088	2,167	875	16,130

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

13. Investment properties (continued)

Company	Note	Leasehold land RM'000
Cost		
At 1 February 2025/2024 and 31 January 2026/2025		<u>2,712</u>
Accumulated depreciation		
At 1 February 2024		267
Depreciation charge for the year	6	<u>53</u>
At 31 January 2025 and 1 February 2025		320
Depreciation charge for the year	6	<u>53</u>
At 31 January 2026		<u>373</u>
Net carrying amount		
At 31 January 2025		<u>2,392</u>
At 31 January 2026		<u>2,339</u>

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Estimated fair value (level 3)	<u>56,630</u>	<u>56,630</u>	<u>13,801</u>	<u>13,801</u>

The Level 3 fair value of investment properties, determined for disclosures purposes, is determined by the management with reference to valuation reports, issued by an external independent property valuer, who has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

Highest and best use

Included in investment properties of the Group is five adjoining parcels of unconverted industrial development land. These land are currently agricultural land but the highest and best use of the land should be industrial development use, in line with the usage of similar land in the vicinity.

All the buildings currently classified as investment properties are 3-storey commercial shophots situated at the prime area at the city, which is considered as the highest and best use.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

13. Investment properties (continued)

Highest and best use (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs
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Building

<p>Sales comparison approach: Sales price 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.</p>	<ul style="list-style-type: none"> • Price per square foot (RM333/sq ft – RM1,333/sq ft)
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Land

<p>Sales comparison approach: This method of valuation seeks to determine the value of the property by comparing and adopting as a yardstick of recent transactions and sale evidences involving other similar properties in the locality. These similarities and dissimilarities of the sales comparable are then reduced to a common denominator by adjusting for the differences between them and the subject property in order to arrive at the indicative value of the subject property.</p>	<ul style="list-style-type: none"> • Price per square foot (RM19.00/sq ft – RM44.85/sq ft)
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Certain investment properties of the Group of RM14,620,930 (2025: RM14,620,930) are pledged as securities for borrowings as disclosed in Note 22.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

13. Investment properties (continued)

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

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Lease income derived from investment properties	136	138	199	199
Direct operating expenses - income generating	<u>1</u>	<u>5</u>	<u>-</u>	<u>-</u>

The Group and the Company have no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13.1 Material accounting policy information

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment.

14. Goodwill on consolidation

	Group RM'000
Cost	
At 31 January 2026/2025	<u>799</u>
Accumulated impairment loss	
At 31 January 2026/2025	<u>(799)</u>
Net carrying amount	
At 31 January 2026/2025	<u>-</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries

	Company	
	2026 RM'000	2025 RM'000
Unquoted shares, at cost	123,528	123,528
Additional subscription of shares in a subsidiary	15,000	-
Partial disposal of a subsidiary	(3,900)	-
	<u>134,628</u>	<u>123,528</u>
Quasi capital to subsidiaries	22,283	22,283
Less: Accumulated impairment loss	(17,825)	(17,825)
	<u>139,086</u>	<u>127,986</u>

During the financial year, the Company had transferred 3,900,000 shares, representing 30% equity interest of a direct subsidiary, Enrich Fortress Sdn. Bhd. to another direct subsidiary, QC Construction & Engineering Sdn. Bhd. ("QCCE"), for a total consideration of RM15,000,000, which was satisfied via allotment of 15,000,000 shares in QCCE. A gain of RM10,800,000 was recognised upon the completion of transfer, net of transaction costs (see Note 4).

Movement in accumulated impairment losses are as follows:

	Note	Company	
		2026 RM'000	2025 RM'000
At 1 February		17,825	17,589
Impairment loss for the year	7	-	236
At 31 January		<u>17,825</u>	<u>17,825</u>

At each financial year, the Company conducts preliminary assessment to ascertain whether there is any indication that the investment in any of its subsidiaries may be impaired. During the financial year under review, the Company re-evaluated the recoverable amount of investment in subsidiaries on the similar basis and concluded that neither further impairment loss, nor any reversal of impairment loss previously made, is required.

The Company conducted further impairment testing when there are indications of impairment. The impairment testing is performed by comparing the carrying amounts of the investment in subsidiaries with the estimated recoverable amounts, which is derived from the estimated equity value of the subsidiary. This equity value is premised upon the estimated cash flow of the anticipated further performance. Key assumptions used in the estimation includes including remaining useful lives, growth rates, pre-tax discount rate with the consideration of the Group's past forecasts and future business plans.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

In the previous financial year, an impairment loss RM236,000 was recognised as other expense in profit or loss. This was related to an inactive subsidiary of which have been incurring losses in the past and the Group has no plans to restart the operation in the near future. As a result, the recoverable amount of the investment in the subsidiary is determined with reference to its underlying assets.

Significant judgements and estimation uncertainty

The Company has determined the recoverable amounts based on the estimated equity value of the affected investment in subsidiaries based on the higher of their value-in-use (“VIU”) or fair value less costs to sell (“FVLCTS”). The VIUs have been estimated by discounting the future net cash flows projected to be generated by each individual subsidiary, whereas under the FVLCTS approach, the Company has considered the fair value adjustments on the land and buildings, as assessed by external valuer, to determine the recoverable value of the investment.

Due to the degree of judgement involved in the estimation of recoverable amount and assumptions of future events that are inherently uncertain, any changes in judgements and the related estimates could result in material adjustments to the carrying amounts of investment in subsidiaries, which can either be positive or negative.

Details of the subsidiaries, all of which the principal place of business is in Malaysia except for Polyflow (B) Sdn. Bhd. is in Brunei and the Company’s interests are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership and voting interest	
			2026 %	2025 %
Held by the Company:				
Quality Concrete Sdn. Bhd.	Malaysia	Manufacturing and trading of ready-mixed concrete, sale of concrete products and trading of goods	100	100
Polyflow Pipes Sdn. Bhd.	Malaysia	Manufacturing and trading of polyethylene pipes	100	100
Kutex Sdn. Bhd.	Malaysia	Investment holding	100	100
Hong Wei Holdings Sdn. Bhd.	Malaysia	Property development and construction	100	100

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership and voting interest	
			2026 %	2025 %
Held by the Company: (continued)				
Lee Ling Timber Products Sdn. Bhd.	Malaysia	Sawmilling and manufacture of downstream timber products	100	100
Agrowell Sdn. Bhd.	Malaysia	Quarry operations and sale of aggregates and related products	100	100
Polyflow (B) Sdn. Bhd.*	Brunei Darussalam	Manufacture and sale of polyethylene pipes	55	55
Seri Bumijaya Sdn. Bhd.	Malaysia	Trading in cement	100	100
Enrich Fortress Sdn. Bhd.	Malaysia	Property holding	100 [#]	100
QC Construction & Engineering Sdn. Bhd. (“QCCE”)	Malaysia	Civil and structural construction	100	100
EXL Pipe (Borneo) Sdn. Bhd.	Malaysia	Manufacturing and trading of Multi Layer PVC pipes	60	60
Medtech & Health Sdn. Bhd.	Malaysia	Manufacturing and supply of health products	100	100
Subsidiary of Quality Concrete Sdn. Bhd.:				
Quality Concrete (Mukah) Sdn. Bhd.	Malaysia	Inactive	70	70

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership and voting interest	
			2026 %	2025 %
Subsidiaries of QC Construction & Engineering Sdn. Bhd.:				
QC Works & Road Maintenance Sdn. Bhd.	Malaysia	Road engineering and maintenance works	70	70
QCCE and Asas Ulung JV Sdn. Bhd.	Malaysia	Road management and maintenance	70	70
QCCE Material Supplies Sdn. Bhd.	Malaysia	Manufacturing of Asphalt Premix	100	100
Subsidiary of Medtech & Health Sdn. Bhd.:				
Audasa Pharma Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical/medical products	100	100

* Audited by firms other than KPMG PLT, Malaysia

30% direct interest held by another direct subsidiary, QCCE

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interest ("NCI") are set out below.

	QC Works & Road Maintenance Sdn. Bhd. RM'000	QCCE and Asas Ulung JV Sdn. Bhd. RM'000	EXL Pipes (Borneo) Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2026					
NCI percentage of ownership interest and voting interest	30%	30%	40%		
Carrying amount of NCI	4,042	3,052	(1,253)	(623)	5,218
Profit/(Loss) allocated to NCI	913	948	(14)	(26)	1,821
2025					
NCI percentage of ownership interest and voting interest	30%	30%	40%		
Carrying amount of NCI	3,136	2,104	(1,239)	(604)	3,397
Profit allocated to NCI	825	594	(279)	(39)	1,101

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	QC Works & Road Maintenance Sdn. Bhd.		QCCE and Asas Ulung JV Sdn. Bhd.		EXL Pipes (Borneo) Sdn. Bhd.	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Non-current assets	1,972	1,258	2,129	2,536	42	65
Current assets	25,157	21,193	38,411	28,838	1,938	2,032
Total assets	27,129	22,451	40,540	31,374	1,980	2,097
Current liabilities	(12,548)	(11,642)	(29,655)	(22,903)	(5,214)	(5,193)
Non-current liabilities	(1,106)	(377)	(714)	(1,457)	-	-
Total liabilities	(13,654)	(12,019)	(30,369)	(24,360)	(5,214)	(5,193)
Net assets/(liabilities)	13,475	10,432	10,171	7,014	(3,234)	(3,096)
Equity attributable to owners of the Company	9,433	7,296	7,119	4,910	(1,941)	(1,857)
Non-controlling interests	4,042	3,136	3,052	2,104	(1,293)	(1,239)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

(ii) Summarised statements of profit or loss and other comprehensive income

	QC Works & Road Maintenance Sdn. Bhd.		QCCE and Asas Ulung JV Sdn. Bhd.		EXL Pipes (Borneo) Sdn. Bhd.	
	2026	2025	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	26,240	25,007	45,959	44,397	707	222
Profit/(Loss) for the year	3,041	2,751	3,157	1,982	(35)	(700)
Profit/(Loss) attributable to owners of the Company	2,128	1,925	2,209	1,388	(21)	(421)
Profit/(Loss) attributable to non-controlling interests	913	825	948	594	(14)	(279)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

15. Investment in subsidiaries (continued)

(iii) Summarised statements of cash flows

	QC Works & Road Maintenance Sdn. Bhd.		QCCE and Asas Ulung JV Sdn. Bhd.		EXL Pipes (Borneo) Sdn. Bhd.	
	2026	2025	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from/(used in) operating activities	5,662	(9,188)	1,824	1,737	115	10
Net cash used in investing activities	(30)	(94)	-	(40)	-	-
Net cash (used in)/generated from financing activities	(2,157)	(1,022)	(574)	(492)	-	-
Net increase/(decrease) in cash and cash equivalents	3,475	(10,304)	1,250	1,205	115	10
Cash and cash equivalents at 1 February	1,234	11,538	3,390	2,185	10	-
Cash and cash equivalents at 31 January	4,709	1,234	4,640	3,390	125	10

15.1 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

16. Investment in associate

	Group	
	2026 RM'000	2025 RM'000
Unquoted shares, at cost	60	60
Share of post-acquisition reserves	(43)	(5)
	<u>17</u>	<u>55</u>

Details of the associate are as follows:

Name of subsidiaries	Country of incorporation and principal place of business	Nature of relationship	Proportion of ownership interest	
			2026 %	2025 %
Held by the Group:				
Multi Brilliance Resources Sdn. Bhd.	Malaysia	Wholesaler of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C, in line with the Group's existing construction and property development segment operation	30	30

Summarised statement of financial position:

	Multi Brilliance Resources Sdn. Bhd.	
	2026 RM'000	2025 RM'000
Assets and liabilities		
Current assets	933	408
Non-current assets	82	99
Total assets	<u>1,015</u>	<u>507</u>
Total liabilities	<u>958</u>	<u>324</u>
Net assets	<u>57</u>	<u>183</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

16. Investment in associate (continued)

Summarised statement of profit or loss and other comprehensive income:

	Multi Brilliance Resources Sdn. Bhd.	
	2026 RM'000	2025 RM'000
Revenue	1,580	348
Loss before tax	(126)	(205)
Loss for the year, representing total comprehensive loss for the year	<u>(126)</u>	<u>(205)</u>

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate:

	Multi Brilliance Resources Sdn. Bhd.	
	2026 RM'000	2025 RM'000
Net assets at the 1 February 2025/2024	183	388
Loss for the year	<u>(126)</u>	<u>(205)</u>
Net assets at 31 January 2026/2025	<u>57</u>	<u>183</u>
Share of Group's interests in associate	17	55
Share of loss for the year	<u>(38)</u>	<u>(61)</u>

16.1 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

17. Other financial assets

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Current Financial assets at fair value through profit or loss				
Investment in money market fund (unquoted)	466	404	84	83
Short-term deposits pledged with licensed banks	<u>13,377</u>	<u>11,242</u>	<u>-</u>	<u>-</u>
	<u>13,843</u>	<u>11,646</u>	<u>84</u>	<u>83</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

17. Other financial assets (continued)

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Market value:				
Investment in money market fund	466	404	84	83

Short-term deposits of the Group amounting to RM13,377,000 (2025: RM11,242,000) have been pledged as security for banking facilities granted to the Group (see Note 22). The Group classifies deposits pledged with licensed banks for security of borrowings as other financial assets as those deposits are not held for working capital.

18. Trade and other receivables

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Current Trade				
Third parties	59,219	47,474	720	720
Amounts due from related parties	346	597	-	-
Retention sum on contract	1,220	1,713	-	-
	<u>60,785</u>	<u>49,784</u>	<u>720</u>	<u>720</u>
Less: Allowance for impairment	<u>(18,178)</u>	<u>(18,089)</u>	<u>(720)</u>	<u>(720)</u>
	<u>42,607</u>	<u>31,695</u>	<u>-</u>	<u>-</u>
Non-trade				
Third parties	22,902	24,723	-	-
Amounts due from subsidiaries	-	-	6,868	6,737
Amounts due from related parties	302	2,858	302	259
Sundry receivables	9,202	14,280	939	939
	<u>32,406</u>	<u>41,861</u>	<u>8,109</u>	<u>7,935</u>
Less: Allowance for impairment	<u>(8,334)</u>	<u>(7,634)</u>	<u>(4,296)</u>	<u>(4,296)</u>
	<u>24,072</u>	<u>34,227</u>	<u>3,813</u>	<u>3,639</u>
Total trade and other receivables	<u>66,679</u>	<u>65,992</u>	<u>3,813</u>	<u>3,639</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

18. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 60 to 90 days (2025: 60 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group are amounts totalling RM16,033,476 (2025: RM14,164,813) and RM345,986 (2025: RM225,411) due from a NCI shareholder of two subsidiaries and an amount due from companies in which certain directors of the Group has substantial financial interest respectively.

Further details on related party transactions are disclosed in Note 27.

Information about the credit exposures are disclosed in Note 29(a).

The Group measures the loss allowance for trade receivables for the manufacturing and trading divisions at an amount equal to lifetime expected credit loss (“ECL”). The expected credit losses on trade receivables are estimated using provision matrix by reference to past default experience of debtors and analysis of the debtors’ current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group recognised a loss allowance of 100% against all trade receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

As the construction contracts and road management and maintenance division only involve a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, historical payment trends and other external available information. The Group regards the risk of defaults from these contract customers, which are mostly government related, as low.

The Group and the Company write off receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off were subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Neither past due nor impaired	13,343	12,128	-	-
1 to 30 days past due not impaired	11,903	3,750	-	-
31 to 60 days past due not impaired	1,493	1,087	-	-
61 to 90 days past due not impaired	2,163	2,565	-	-
91 to 120 days past due not impaired	2,536	2,325	-	-
More than 121 days past due not impaired	11,169	9,840	-	-
	<u>29,264</u>	<u>19,567</u>	<u>-</u>	<u>-</u>
	42,607	31,695	-	-
Impaired	<u>18,178</u>	<u>18,089</u>	<u>720</u>	<u>720</u>
	<u>60,785</u>	<u>49,784</u>	<u>720</u>	<u>720</u>

Movements in allowance for impairment loss

The movements in the allowance for impairment of the Group's and the Company's trade receivables during the financial year are shown below:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 February 2025/2024	18,089	17,364	720	720
Changes for the year	156	733	-	-
Reversal of impairment loss	<u>(67)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
At 31 January 2026/2025	<u>18,178</u>	<u>18,089</u>	<u>720</u>	<u>720</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

18. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM29,264,000 (2025: RM19,567,000) that are past due at the reporting date but not impaired as the Group regards the risk of default from these contract customers, which are mostly government related, as low. Further details on the Group's financial risk management objectives and policies is disclosed in Note 29.

Retention sum

Included in the trade receivables is retention sum of RM1,220,494 (2025: RM1,713,360) which is unsecured, interest free and is expected to be collected within 1 year.

(b) Other receivables

Included in the other receivables are payments made on behalf of a sub-contractor for purchase of materials amounted to RM22,569,000 (2025: RM24,723,000) which will be recovered via future billings from the said sub-contractor. The sub-contractor is a non-controlling shareholder in two subsidiaries, QCCE and Asas Ulung JV Sdn. Bhd. and QC Works & Road Maintenance Sdn Bhd..

Movements in allowance for impairment loss

The movements in the allowance for impairment of the Group's and the Company's other receivables were shown below:

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 February				
2025/2024	7,634	7,634	4,296	4,296
Changes for the year	<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 January				
2026/2025	<u>8,334</u>	<u>7,634</u>	<u>4,296</u>	<u>4,296</u>

Amounts due from subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

19. Deposits and prepayments

	Note	Group	
		2026 RM'000	2025 RM'000
Prepayments	19.1	739	1,885
Deposits		5,102	5,420
		<u>5,841</u>	<u>7,305</u>

19.1 Included in prepayments are advance payments totalling RM Nil (2025: RM564,680) made to sub-contractors for services which will be offset against future billings from the sub-contractors.

20. Contract balances

	Group	
	2026 RM'000	2025 RM'000
Contract assets	<u>33,580</u>	<u>34,574</u>
Contract liabilities	<u>30</u>	<u>365</u>

Contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts and road management and maintenance contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days (2025: 30 days) and payment is expected within 30-90 days (2025: 30-90 days). The contract assets are recognised as trade receivables where the rights to the contract consideration become unconditional.

Contract liabilities primarily relate to contract consideration received in advance of the performance under the contracts. The contract liabilities are recognised as revenue when the Group fulfills its performance obligation under the contracts with customers.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

20. Contract balances (continued)

- a. Movements in the contract balances during the year include:

	Group	
	2026	2025
	RM'000	RM'000
Contract assets at the beginning of period reclassified to trade receivables	34,574	26,539
Contract liabilities at the beginning of the period recognised as revenue	<u>335</u>	<u>-</u>

- b. Impairment assessment on contract assets

Credit risk on contract assets arises from construction projects and road management and maintenance contracts. The Group adopts a 'simplified approach' when performing impairment assessments for contract assets. Since the contract assets have substantially the same risk characteristics as the trade receivables, estimation techniques or significant assumptions made in assessing the loss allowance are generally the same. The Group applies similar credit risk management on its financial instrument for contract assets [see Note 29 (a)].

21. Cash and cash equivalents

	Group		Company	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at bank	<u>16,708</u>	<u>8,456</u>	<u>49</u>	<u>153</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

22. Loans and borrowings

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Current				
Secured:				
Bank overdrafts	28,693	24,133	814	866
Bankers' acceptances	34,218	29,023	-	-
Term loans	860	1,666	-	-
Revolving credit	5,000	5,000	500	500
Lease liabilities	1,330	3,457	30	30
Invoice financing	19,076	21,103	-	-
	<u>89,177</u>	<u>84,382</u>	<u>1,344</u>	<u>1,396</u>
Unsecured:				
Bank overdrafts	2,067	2,502	-	-
Bankers' acceptances	7,391	7,912	-	-
Revolving credit	500	500	-	-
	<u>9,958</u>	<u>10,914</u>	<u>-</u>	<u>-</u>
	<u>99,135</u>	<u>95,296</u>	<u>1,344</u>	<u>1,396</u>
Non-current				
Secured:				
Term loans	6,449	6,837	-	-
Lease liabilities	384	3,248	-	-
	<u>6,833</u>	<u>10,085</u>	<u>-</u>	<u>-</u>
Total loans and borrowings	<u>105,968</u>	<u>105,381</u>	<u>1,344</u>	<u>1,396</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

22. Loans and borrowings (continued)

The remaining maturities of loans and borrowings as at the reporting date are as follows:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
On demand or within 1 year	93,397	93,186	1,344	1,396
More than 1 year or less than 2 years	4,819	3,987	-	-
More than 2 years or less than 5 years	4,539	5,701	-	-
More than 5 years	3,213	2,507	-	-
	<u>105,968</u>	<u>105,381</u>	<u>1,344</u>	<u>1,396</u>

The interest rates of the Group and of the Company are as follows:

	Group		Company	
	2026 %	2025 %	2026 %	2025 %
Bank overdrafts	5.85 to 8.10	5.85 to 8.10	5.85 to 7.97	5.85 to 7.97
Bankers' acceptances	2.25 to 5.37	2.25 to 5.37	-	-
Invoice financing	5.33 to 5.83	5.33 to 5.83	-	-
Term loans	3.17 to 4.20	3.17 to 4.20	-	-
Revolving credit	4.26 to 5.71	4.26 to 5.71	4.26 to 4.50	4.26 to 4.50
Lease liabilities	<u>2.31 to 6.58</u>	<u>2.31 to 6.58</u>	<u>5.00</u>	<u>5.00</u>

(a) Bank overdrafts

Bank overdrafts of the Company are secured by a third party first legal charge over 5 parcels of vacant land as disclosed in Note 13.

Bank overdrafts of subsidiaries are secured by:

- (i) a third party first legal charge over a property as disclosed in Note 11;
- (ii) a first party first and second legal charge over 2 parcels of vacant land as disclosed in Note 12;
- (iii) a first party, first legal charge over 9 units of shophouses as disclosed in Note 12;
- (iv) letter of set-off over a deposit owned by a director of the Company;
- (v) a personal guarantee from a director of the Company; and
- (vi) a corporate guarantee from the Company.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

22. Loans and borrowings (continued)

(b) Bankers' acceptances, invoice financing and term loans

Bankers' acceptances, invoice financing and term loans of subsidiaries are secured by:

- (i) a first party first and second legal charge and a third party second legal charge over 2 parcels of vacant land as disclosed in Note 12;
- (ii) a first party legal charge over 1 parcel of land attached with 3-store/y shophouse as disclosed in Note 13;
- (iii) a third party first legal charge over a property as disclosed in Note 11;
- (iv) assignment of contract proceeds of projects;
- (v) short term deposits of the Group as disclosed in Note 17;
- (vi) a personal guarantee from a director of the Company; and
- (vii) a corporate guarantee from the Company.

Invoice financing facilities have a typical tenor ranging from 150 to 180 days and are subject to interest rate ranging from 1.50% to 2.00% per annum above the bank's prevailing effective cost of funds. The Group manages its liquidity risk via utilisation of the invoice financing facilities. The Group can either obtain drawdown from the bank on a paid invoice or request the bank to make payments to an unpaid invoice, subject to the terms and conditions in the letter.

(c) Revolving credits

Revolving credit of a subsidiary is secured by third party second legal charge over one parcel of land and properties as disclosed in Note 11 and corporate guarantee from the Company.

Other information on financial risks of loans and borrowings are disclosed in Note 29.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

23. Trade and other payables

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Trade payables				
Third parties	48,602	47,410	-	-
Accruals	16,364	5,934	-	-
Retention sum - third parties	4,189	2,914	-	-
Retention sum - related parties	240	240	-	-
Amounts due to related parties	11,632	10,679	-	-
	<u>81,027</u>	<u>67,177</u>	<u>-</u>	<u>-</u>
Other payables				
Accruals	1,406	3,178	87	90
Amounts due to subsidiary companies	-	-	22,513	21,464
Sundry payables	2,303	2,112	41	28
Service tax payable	3,293	1,347	-	-
	<u>7,002</u>	<u>6,637</u>	<u>22,641</u>	<u>21,582</u>
Total trade and other payables	<u>88,029</u>	<u>73,814</u>	<u>22,641</u>	<u>21,582</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2025: 30 to 120 days).

Included in trade payables of the Group are amounts totalling RM11,632,257 (2025: RM10,231,134) due to companies in which certain directors of the Group and of the Company have substantial financial interests. These amounts are unsecured, non-interest bearing and are subject to the normal trade terms.

Included in the trade payables are retention sum which are unsecured, interest free and are expected to be paid within a year.

(b) Sundry payables

These amounts are unsecured, non-interest bearing and payable on demand.

(c) Amounts due to subsidiary companies and a related party

These amounts are unsecured, non-interest bearing and are payable on demand.

Other information on financial risk of the other payables are disclosed in Note 29.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

24. Deferred tax assets/(liabilities)

	Assets		Liabilities		Net	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Property, plant and equipment	-	-	1,345	3,017	1,345	3,017
Tax losses and capital allowances carried forward	(1,867)	(1,101)	-	-	(1,867)	(1,101)
Receivables, inventories and provisions	(1,821)	(1,125)	-	-	(1,821)	(1,125)
Tax (assets)/liabilities	(3,688)	(2,226)	1,345	3,017	(2,343)	791
Set off of tax	(336)	1,792	336	(1,792)	-	-
Net tax (assets)/liabilities	(4,024)	(434)	1,681	1,225	(2,343)	791

The Group recognises deferred tax assets on the basis of the Group's business planning, and the realisation of these assets is assessed as probable. Accordingly, recognised and unrecognised deferred tax assets are subject to estimation uncertainty and there is a significant risk that the carrying amount will require adjustment in subsequent periods. The estimates are, in particular, subject to the estimation uncertainties inherent in business planning which affect the likely utilisation of unused tax credits. The Group recognised deferred tax assets based on the profit projections for the next three financial years based on existing secured construction contracts by a subsidiary.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

24. Deferred tax assets/(liabilities) (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

	At		Recognised		At		Recognised		At	
	1.2.2024	RM'000	in profit or loss	RM'000	31.1.2025/ 1.2.2026	RM'000	in profit or loss	RM'000	31.1.2026	RM'000
<u>Group</u>										
Property, plant and equipment	4,912		(1,895)		3,017		(1,672)		1,345	
Tax losses and capital allowances carried forward	(2,070)		969		(1,101)		(721)		(1,822)	
Receivables, inventories and provisions	(2,618)		1,493		(1,125)		(741)		(1,866)	
	224		567		791		(3,134)		(2,343)	
			(Note 9)				(Note 9)			

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

24. Deferred tax assets/(liabilities) (continued)

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

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Unutilised tax losses	39,925	36,354	-	-
Unabsorbed capital allowances	7,731	10,046	-	-
	<u>47,656</u>	<u>46,400</u>	<u>-</u>	<u>-</u>
Deferred tax asset @ 24%, if recognised	<u>11,437</u>	<u>11,136</u>	<u>-</u>	<u>-</u>

At the reporting date, the Group has unutilised tax losses and unabsorbed capital allowances as shown above that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised as the Group was uncertain if sustainable future taxable profits of sufficient quantum will be available against which the Group can utilise the benefit therefrom.

Unabsorbed capital allowances do not have any expiration date under the current tax regime. Under prevailing tax laws, unutilised tax losses can be carried forward for a maximum of 10 consecutive years of assessment with effect from the year of assessment 2019.

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward until the following years of assessment:

Year of assessment	Amount RM'000	Expiry Year
2018	7,576	2028
2019	3,353	2029
2020	1,923	2030
2021	3,653	2031
2022	1,780	2032
2023	1,926	2033
2024	2,452	2034
2025	5,252	2035
2026	12,010	2036
	<u>39,925</u>	

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

25. Share capital

	Number of ordinary shares		Amount	
	'000	'000	RM'000	RM'000
Group and Company Issued and fully paid with no par value classified as equity instruments				
At 1 February 2025/2024 and 31 January 2026/2025	<u>57,962</u>	<u>57,962</u>	<u>82,956</u>	<u>82,956</u>

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

26. Other reserves

Group	Foreign exchange reserve	
	RM'000	RM'000
At 1 February 2025/2024	526	423
Foreign currency translation	<u>(154)</u>	<u>103</u>
At 31 January 2026/2025	<u>372</u>	<u>526</u>

Foreign exchange reserve

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

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

27. Related party disclosures

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common controls. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel includes all the Directors of the Group.

The Group has related party relationships with its subsidiaries, associates, joint ventures and key management personnel.

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Group and the Company with the related parties took place at terms agreed between parties during the financial year:

	Company	
	2026	2025
	RM'000	RM'000
Subsidiaries		
Rental income	<u>(156)</u>	<u>(156)</u>
	Group	
	2026	2025
	RM'000	RM'000
Associates		
Sale of pipes	<u>-</u>	<u>(222)</u>

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

27. Related party disclosures (continued)

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Other related parties				
Sales of pipes to:				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	(1,927)	-	-	-
Sales of RC piles to:				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	(1,931)	-	-	-
Rental income from:				
- Lee Ling Construction & Development Sdn. Bhd. ⁽ⁱⁱⁱ⁾	(43)	(43)	(43)	(43)
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	(240)	(240)	-	-
Freight charges from:				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	698	595	-	-
Purchase of logs and sawn timber from:				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	1,782	3,359	-	-
Purchase of steel bar:				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	840	-	-	-
Rental of dump truck				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	43	43	-	-
Rental and service fee for office				
- BMK Developments Sdn. Bhd. ^(v)	135	193	72	98
Other miscellaneous to/(from):				
- Lee Ling Timber Sdn. Bhd. ⁽ⁱ⁾	13	(24)	-	-
- Lee Ling Construction & Development Sdn. Bhd. ⁽ⁱⁱⁱ⁾	(19)	(10)	-	-

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

27. Related party disclosures (continued)

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Key management personnel				
Directors' remuneration (Note 8)	2,381	1,660	112	112

- (i) Tiang Ching Kok is a shareholder and director of Lee Ling Timber Sdn. Bhd..
- (ii) Multi Brilliance Resources Sdn. Bhd. is an associate of one of its subsidiaries.
- (iii) Tiang Ching Kok is a shareholder of Lee Ling Construction & Development Sdn. Bhd..
- (iv) Chin Yoke Lian is a director of ABTP Marketing Sdn. Bhd..
- (v) Tiang Ching Kok is a shareholder of BMK Developments Sdn. Bhd..

Information regarding outstanding balances arising from related party transactions are disclosed in Note 18 and 23.

28. Financial instruments and fair value

(a) Determination of fair value

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes on Bloomberg and Reuters.

The Group and the Company generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

28. Financial instruments and fair value (continued)

(a) Determination of fair value (continued)

MFRS 13 *Fair Value Measurement* requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

(b) Financial instruments measured at fair value

The following tables provide an analysis of financial instruments carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

	Group		Company	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at fair value				
Other investments				
- money market fund				
- Level 2	466	404	84	83

The fair value of Level 2 financial instruments is based on confirmation by a licensed fund manager regulated by the Securities Commission of Malaysia.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between the fair value hierarchy levels during the financial year.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

28. Financial instruments and fair value (continued)

(c) Financial instruments not measured at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	18
Cash and cash equivalents	21
Loans and borrowings	22
Trade and other payables	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature, subject to normal trade terms or they are already discounted at appropriate discount rates.

(d) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

Group	Financial assets		
	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000
2026			
Other financial assets	13,843	13,377	466
Deposits	5,102	5,102	-
Trade and other receivables	66,679	66,679	-
Cash and cash equivalents	16,708	16,708	-
	102,332	101,866	466
2025			
Other financial assets	11,646	11,242	404
Deposits	5,420	5,420	-
Trade and other receivables	65,922	65,922	-
Cash and cash equivalents	8,456	8,456	-
	91,444	91,040	404

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

28. Financial instruments and fair value (continued)

(d) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows: (continued)

Group	Financial liabilities		
	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000
2026			
Trade and other payables*	88,029	88,029	-
Loans and borrowings^	105,968	105,968	-
	<u>193,997</u>	<u>193,997</u>	<u>-</u>
2025			
Trade and other payables*	72,467	72,467	-
Loans and borrowings^	98,676	98,676	-
	<u>171,143</u>	<u>171,143</u>	<u>-</u>

* *Excluding service tax payable to Royal Malaysian Customs Department.*

^ *Excluding lease liabilities*

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

28. Financial instruments and fair value (continued)

(d) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows: (continued)

Company	Financial assets		
	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000
2026			
Other financial assets	84	-	84
Trade and other receivables	3,813	3,813	-
Cash and bank balances	49	49	-
	<u>3,946</u>	<u>3,862</u>	<u>84</u>
2025			
Other financial assets	83	-	83
Trade and other receivables	3,639	3,639	-
Cash and bank balances	153	153	-
	<u>3,875</u>	<u>3,792</u>	<u>83</u>
Company	Financial liabilities		
	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000
2026			
Trade and other payables	22,641	22,641	-
Loans and borrowings [^]	1,344	1,344	-
	<u>23,985</u>	<u>23,985</u>	<u>-</u>
2025			
Trade and other payables	21,582	21,582	-
Loans and borrowings [^]	1,396	1,396	-
	<u>22,978</u>	<u>22,978</u>	<u>-</u>

[^] Excluding lease liabilities

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's and the Company's principal financial instruments comprise bank overdrafts, other borrowings and cash and short-term deposits. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group and the Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

29. Financial risk management objectives and policies (continued)

The Board of Directors, with the assistance of professionals and advisers such as Internal Auditors, Management Executive Committee and Risk Management Committee, has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Management Executive Committee, represented by the Group Managing Director, Group Executive Director, Executive Director and Chief Financial Officer are the key management personnel responsible for the implementation of decisions and policies formulated by the Board. The Risk Management Committee comprising Executive Directors and senior management staff who are responsible under their respective scope of work for the day-to-day operations carries out risks identification, evaluate, monitor and formulate mitigation strategies on risks identified and periodically review risk management processes and policies. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The key financial risks include credit risk, liquidity risk and interest rate risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objective, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise from the outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from receivables from customers and deposits in banks. The Company's exposure to credit risk mainly arises from unsecured short-term advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries. There are no significant changes as compared to previous year.

(i) Receivables from external parties

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Where necessary, customers may be requested to provide security before goods are sold. Management does not expect any counterparty to fail to meet its obligations.

Contract assets (see Note 20) have substantially the same risk characteristics as the trade receivables from the same categories of customers.

Information about the ageing analysis and measurement of loss allowance are disclosed in Note 18(a).

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

29. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

(ii) Intercompany balances

The Company provides some financial support assistance via unsecured short-term advances to some of its subsidiaries. The Company monitors the results of these subsidiaries regularly.

Generally, the Company does not specifically monitor the ageing of debts owing by its subsidiaries, which are considered to have low credit risk. The Company considers a subsidiary's debts to be credit impaired when the subsidiary is unlikely to repay its debts to the Company in full. The Company determines the probability of default for these debts using internal information available.

Other than RM4,296,000 (2025: RM4,296,000) impairment loss made against the amount owing from subsidiaries, there is no indication that the remaining amounts due from subsidiaries are not recoverable as at end of the reporting period.

(iii) Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. These licensed banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(iv) Financial guarantee

The Company provides corporate guarantees to banks and financial institutions for the subsidiaries' loans and borrowings and suppliers of the subsidiaries, respectively. The Company monitors on an on-going basis the results of and repayments made to ensure that they are able to meet their obligations when due.

The Company reviews and reassesses the credit risk when a subsidiary's financial position deteriorates significantly. The Company considers the financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full. The Company determines the probability of default of the guaranteed loans individually using internal information available. There is no indication that they would default on the repayments of its loans and borrowings.

The financial guarantees have not been recognized as the probability of the subsidiaries defaulting on the credit lines is remote.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

29. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) the carrying amount of each class of financial assets recognised in the statements of financial position; and
- (ii) a nominal amount of RM249.0 million (2025: RM249.0 million) relating to corporate guarantees provided by the Company to banks and financial institutions for the subsidiaries' loans and borrowings and suppliers of the subsidiaries, respectively.

The credit risk as at the end of the reporting period is concentrated to a three (2025: three) counterparties totalling to RM52.7 million (2025: RM45.7 million).

Included in the concentration of credit risk is an amount owing from the NCI shareholder amounted to RM38.6 million (2025: RM30.6 million), which includes payments for materials made on behalf of the NCI Shareholder of RM22.6 million (2025: RM24.7 million), which is disclosed in Note 18(a).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

29. Financial risk management objectives and policies (continued)**(b) Liquidity risk (continued)****Analysis of financial instruments by remaining contractual maturities**

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

	Carrying amount RM'000	Cash Flows			Total RM'000
		On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	
Group					
31 January 2026					
Financial liabilities:					
Trade and other payables	88,029	88,029	-	-	88,029
Loans and borrowings	105,968	98,067	9,826	3,374	111,267
	<u>193,997</u>	<u>186,096</u>	<u>9,826</u>	<u>3,374</u>	<u>199,296</u>
31 January 2025					
Trade and other payables	73,814	73,814	-	-	73,814
Loans and borrowings	105,381	98,697	10,198	2,427	111,322
	<u>179,195</u>	<u>98,697</u>	<u>10,198</u>	<u>2,427</u>	<u>185,136</u>
Company					
31 January 2026					
Financial liabilities:					
Trade and other payables	22,640	22,640	-	-	22,640
Loans and borrowings	1,344	1,344	-	-	1,344
Financial guarantees*	-	249,000	-	-	249,000
	<u>23,984</u>	<u>272,984</u>	<u>-</u>	<u>-</u>	<u>272,984</u>
31 January 2025					
Trade and other payables	21,582	21,582	-	-	21,582
Loans and borrowings	1,396	1,480	-	-	1,480
Financial guarantees*	-	249,000	-	-	249,000
	<u>22,978</u>	<u>272,062</u>	<u>-</u>	<u>-</u>	<u>272,062</u>

* Based on the maximum amount that can be called under the financial guarantee contracts

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

29. Financial risk management objectives and policies (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their fixed/treasury deposits and loans and bank borrowings. The Group and the Company's fixed/treasury deposits and borrowings at floating rates are contractually re-priced at intervals of less than 6 months (2025: less than 6 months) from the reporting date.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a hundred basis points increase in interest rate, with all other variables held constant, would increase the Group's and the Company's loss net of tax by approximately RM792,353 (2025: RM648,120) and RM9,986 (2025: RM8,816) respectively, arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(d) Material accounting policy information

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

30. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholders value. No changes were made in the objective, policies and processes during the years ended 31 January 2026 and 2025.

The Group and the Company review their capital structure and make adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

30. Capital management (continued)

The Group and the Company monitor capital using a gearing ratio, which is loans and borrowings divided by total capital. The Group and the Company includes within net debt, loans and borrowings less cash and bank balances.

	Note	Group		Company	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Loans and borrowings	22	105,968	105,381	1,344	1,396
Less: Cash and cash equivalents	21	(16,708)	(8,456)	(49)	(153)
Less: Other financial assets	17	(13,843)	(11,646)	(84)	(83)
Net debt		<u>75,417</u>	<u>85,279</u>	<u>1,211</u>	<u>1,160</u>
Equity attributable to owner of the Company		<u>67,703</u>	<u>78,561</u>	<u>121,450</u>	<u>111,293</u>
Gearing ratio		<u>1.56</u>	<u>1.34</u>	<u>0.01</u>	<u>0.01</u>

31. Segment information

For management purposes, the Group is organised into business based on their strategic business units, and has four reportable operating segments as follows:

- (i) Property development, construction and road maintenance - sale of properties, construction and road maintenance;
- (ii) Manufacturing - manufacture and sale of ready-mixed concrete, concrete products, polyethylene pipes, woven polypropylene bags and polyethylene liners, sawmilling and manufacture of downstream timber products;
- (iii) Trading - general trading; and
- (iv) Investment and management services - investment holding and advisory.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Transfer prices between business segments are on an agreed terms in a manner similar to transactions with third parties. Segment revenue, expenses and results include transactions between business segments. These transactions are eliminated on consolidation.

Segment analysis by geographical locations has not been presented as the Group's operations are predominantly conducted in Malaysia.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)

	Property development, construction & road maintenance RM'000	Manufacturing RM'000	Trading RM'000	Quarry operations RM'000	Investment and management RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2026 Revenue									
Sales to external customers	110,107	78,191	2,200	-	-	190,498	-	A	190,498
Inter-segment sales	26,241	3,675	13,933	-	-	43,849	(43,849)		-
	136,348	81,866	16,133	-	-	234,347	(43,849)		190,498
Results									
Segment operating profit/(loss)	(5,503)	3,086	435	(32)	10,207	8,193	(10,800)		(2,607)
Finance costs	(5,663)	(613)	(203)	(1)	(108)	(6,588)	-		(6,588)
Share of result of associate	-	-	-	-	-	-	-		(38)
									(9,233)
Income tax expense									350
Profit for the year									(8,883)
Assets									
Segment assets	261,627	116,125	9,491	299	158,679	546,221	(274,591)		271,630
Liabilities									
Segment liabilities	208,094	83,535	7,430	9	24,447	323,515	(134,275)		189,240

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)

	Property development, construction & road maintenance RM'000	Manufacturing RM'000	Trading RM'000	Quarry operations RM'000	Investment and management RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
2026									
Other information									
Depreciation of property, plant and equipment	4,014	3,424	1	-	16	7,455	-		7,455
Depreciation of investment property	28	237	-	-	-	265	-		265
Provision for liquidated ascertained damages	6,000	-	-	-	-	-	-		6,000
Impairment loss on receivables	-	-	789	-	-	-	-		789
Property, plant and equipment written-off	-	(96)	-	-	-	(96)	-		(96)

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)

2025	Property development, construction & road maintenance RM'000	Manufacturing RM'000	Trading RM'000	Quarry operations RM'000	Investment and management RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
Revenue									
Sales to external customers	94,492	59,747	1,583	-	-	155,822	-	A	155,822
Inter-segment sales	25,007	1,200	13,992	-	-	40,199	(40,199)		-
	119,499	60,947	15,575	-	-	196,021	(40,199)		155,822
Results									
Segment operating profit/(loss)	2,394	(1,188)	399	(14)	(459)	1,132	-		1,132
Finance costs	(4,970)	(645)	(256)	(3)	(87)	(5,961)	-		(5,961)
Share of result of associate	-	-	-	-	-	-	(61)		(61)
Income tax expense									(4,890)
Loss for the year									(2,054)
									(6,944)
Assets									
Segment assets	222,542	92,135	9,183	312	147,181	471,353	(209,298)		262,055
Liabilities									
Segment liabilities	174,404	60,792	7,298	7	22,812	265,313	(85,216)		180,097

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)

2025	Property development, construction & road maintenance RM'000	Manufacturing RM'000	Trading RM'000	Quarry operations RM'000	Investment and management RM'000	Total segments RM'000	Adjustments and eliminations RM'000	Note	Consolidated RM'000
Other information									
Depreciation of property, plant and equipment	4,141	3,269	2	-	17	7,429	-		7,429
Depreciation of investment property	4	196	-	-	-	200	-		200
Bad debts written off	-	-	-	-	-	-	-		-
Inventories written off	-	458	-	-	-	458	-		458
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-		-
Impairment loss on receivables	-	725	-	-	-	725	-		725
Property, plant and equipment written-off	9	830	-	-	-	830	-		830

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

Notes to the Financial Statements

For The Financial Year Ended 31 January 2026 (Contd.)

31. Segment information (continued)**Major customers**

The following are the major customers with revenue equal to or more than 10% of the Group's total revenue individually:

	Group	
	2026	2025
	RM'000	RM'000
Customer A	30,939	32,216
Customer B	45,959	44,397
	<u>76,898</u>	<u>76,613</u>

32. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board in accordance with a resolution of the directors on 29 May 2026.

Financial Statement

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Quality Concrete Holdings Berhad, which comprise the statements of financial position as at 31 January 2026 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 74 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2026, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

Key Audit Matters

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

1. Revenue recognition relating to construction contracts - Group

Refer to Note 3, Revenue

The key audit matter	How the matter was addressed in our audit
<p>For the financial year ended 31 January 2026, the total revenue from construction contracts recognised by the Group was RM64 million, representing 34% of total revenue of the Group.</p> <p>Revenue from construction contracts is accounted for based on over time recognition using input method. The stage of completion is determined by reference to the actual contract costs incurred for work performed to-date bear to the total estimated contract costs.</p> <p>Consequently, the recognition of revenue is highly dependent on judgement exercised and estimates made in determining the estimated costs to complete, and the ability to deliver contracts within the contractual time and potential claims and penalties for late deliveries.</p> <p>We focused on this area as a key audit matter due to the degree of the Group's judgement involved in the estimation of cost to complete, and the ability to deliver contracts within the contractual time and potential claims and penalties for late deliveries over the contract life. Changes in judgements and the related estimates throughout a contract life can result in material adjustments to revenue and consequently, the profit margin of contracts.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's processes, systems and controls implemented, in respect of the budgeting process of estimated costs to complete and monitoring of costs incurred for work performed to date. • We obtained an understanding of the method, key assumptions and underlying data used in the process for estimates made in determining the estimated costs to complete. • We obtained an understanding of the basis of the key judgements made for the revenue recognition in particular on the number of performance obligations, determining the transaction price, allocation of transaction price to each performance obligation, appropriateness of over time revenue recognition. • We challenged the basis of estimations applied by the Group in regard to the required cost to complete the construction contracts and assessed whether there were biasness in estimating these costs. Our procedures include evaluating the historical accuracy of the Group's estimation process by comparing actual costs with the estimated costs that had previously been estimated, and testing estimated costs, on a sample basis, to sub-contractors' contracts and suppliers' quotations. • We checked, on sample basis, variations and claims arising from the contract revenue and sub-contract costs to correspondences, supplementary agreements or variation orders. • We discussed with the contract manager on the performance of all contracts in progress during the year and evaluated the construction progress against the contracted completion date and assessed if any penalties were payable arising from expected and actual delay in completion of contracts.

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

Key Audit Matters (continued)

2. Impairment assessment of non-financial assets - Group

Refer to Note 11, Property, plant and equipment

The key audit matter	How the matter was addressed in our audit
<p>The carrying amount of non-financial assets of the Group comprised 22% of total assets as at 31 January 2026. Certain subsidiaries of the Group were continually loss making and this is an indication that the underlying non-financial assets, namely property, plant and equipment and investment properties, of those subsidiaries may be impaired. Significant level of judgement is required in evaluating the Group's impairment assessment as it involved assumptions of future events that are inherently uncertain.</p> <p>The Directors have determined the recoverable amounts of the non-financial assets based on the higher of value-in-use ("VIU") or fair value less costs to sell ("FVLCTS"). The VIUs are based on the discounted future net cash inflows estimated to be generated by the non-financial assets.</p> <p>We focused on this area as a key audit matter due to the degree of judgement involved in the estimation of recoverable amount and assumptions of future events that are inherently uncertain identified by the Directors. Changes in judgements and the related estimates throughout the useful lives of the non-financial assets could result in material adjustments to the carrying amounts of non-financial assets, which can either be positive or negative.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's processes and key controls implemented over the preparation of the valuation model used to determine the recoverable amount of the non-financial assets. • We obtained an understanding of the method, key assumptions and underlying data used in the process for estimates made in determining the recoverable amount of the non-financial assets. • For VIU method, we evaluated and assessed the Group's key assumptions used in the cash flows projection, including remaining useful lives, growth rates, pre-tax discount rate with the consideration of the Group's past forecasts and future business plans, including any future capital commitments already contracted by the Group. • For FVLCTS method, we obtained the latest external valuation report and assessed the competency, objectivity and independence of external valuer engaged by the Group by considering the valuers' professional qualifications and experiences. • We assessed the reasonableness of the value of the land by comparing against actual recent transacted prices of similar type of land within the proximity.

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

Key Audit Matters (continued)

3. Impairment assessment on investment in subsidiaries - Company

Refer to Note 15, Investment in subsidiaries

The key audit matter	How the matter was addressed in our audit
<p>As at 31 January 2026, the total carrying value of investment in subsidiaries amounted to RM139 million, representing 96% of its total assets. Certain subsidiaries of the Company were loss making and recorded negative operating cash flow, which indicated that there may be an impairment on the investment in these subsidiaries.</p> <p>The Company has determined the recoverable amounts based on the estimated equity value of the affected investment in subsidiaries based on the higher of their value-in-use ("VIU") or fair value less costs to sell ("FVLCTS"). The VIUs have been estimated by discounting the future net cash flows projected to be generated by each individual subsidiary, whereas under the FVLCTS approach, the Company has considered the fair value adjustments on the land and buildings, as assessed by external valuer, to determine the recoverable value of the investment.</p> <p>We focused on this area as a key audit matter due to the degree of judgement involved in the estimation of recoverable amount and assumptions of future events that are inherently uncertain identified by the Company. Changes in judgements and the related estimates could result in material adjustments to the carrying amounts of investment in subsidiaries, which can either be positive or negative.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Company's processes and key controls over the preparation of the valuation model used to determine the recoverable amount of these investments in subsidiaries. • We obtained an understanding of the method, key assumptions and underlying data used in the assessment on the recoverable amount of these investment in subsidiaries. • We challenged the key assumptions used in the cash flow projection by setting independent expectation with reference to our understanding of the business, historical trends and available industry information, on terminal value, growth rates, pre-tax discount rate, working capital changes, forecast period and compared against the Company's assessment on the effect of estimate uncertainty in arriving at the cash flows used to determine the VIUs and also the fair value adjustments used in arriving the FVLCTS, where applicable. • We compared the carrying amount of the investment in subsidiaries against its recoverable amount based on its estimated equity value. Where the recoverable amount was less than carrying amount of the investment, assessed if the impairment loss has been properly recognised in the profit or loss. Where the recoverable amount was higher than the carrying amount of investment, assessed whether any reversal of previously made impairment loss is necessary.

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

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 and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, 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 MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

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

- 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Financial Statement

Independent Auditors' Report

To The Members Of Quality Concrete Holdings Berhad (Contd.)

Registration No. 199601005936 (378282-D)

(Incorporated In Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 15 to the financial statements.

Other Matter

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

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

Kuching,

Date: 29 May 2026

Nicholas Chia Wei Chit

Approval Number: 03102/03/2028 J

Chartered Accountant

Analysis of Shareholdings

as at 8 May 2026

Issued Share Capital : RM82,956,000 comprising 57,962,000 Ordinary Shares
 Class of Shares : Ordinary Shares
 Voting Rights : One Vote Per Ordinary Share

Distribution Schedule

Size of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Holders
less than 100	14	1.09	297	0.00
100 to 1,000	693	53.97	690,435	1.19
1,001 to 10,000	489	38.08	1,833,531	3.16
10,001 to 100,000	69	5.37	2,189,837	3.78
100,001 to less than 5% of issued shares	13	1.01	17,180,100	29.64
5% and above of issued shares	6	0.47	36,067,800	62.23
	1,284	100.00	57,962,000	100.00

Substantial Shareholders as at 8 May 2026

According to the Register of substantial shareholders, the substantial shareholders of the Company as at 8 May 2026 are as follows:

Name of Substantial Shareholders	Direct	%	Deemed interest	%
1. CIMSEC Nominees (Asing) Sdn Bhd CIMB Securities (Singapore) Pte Ltd for Entrequest Holdings Limited	10,500,000	18.12	-	-
2. Cahaya Besi (Sarawak) Sdn. Bhd.	8,130,600	14.03	-	-
3. Datin Ha Ai Ing	7,001,000	12.08	11,008,000	18.99
4. Dato' Wee Song Ching	6,201,800	10.70	-	-
5. Tiang Chiin Yew	5,282,500	9.11	12,726,500	21.96
6. Tiang Ching Kok	3,282,500	5.66	14,726,500	25.41

List of Directors' Interest

According to the Register of Directors' Shareholdings, the interest of Directors in the ordinary shares of the Company as at 8 May 2026 are as follows:

	Direct	%	Deemed interest	%
1. Tiang Ching Kok	3,282,500	5.66	14,726,500	25.41
2. Felix Wong Khung Chui	-	-	-	-
3. Ha Tien Kiong	-	-	-	-
4. Pang Kim Soo	-	-	-	-
5. Paul Chiam Tau Keen	-	-	-	-
6. Lynda Chong Hui Lyn	-	-	-	-

Analysis of Shareholdings

as at 8 May 2026 (Contd.)

Thirty Largest Shareholders as at 8 May 2026

	No. of Shares	% of shareholdings
1. CGS-CIMB Nominees (Asing) Sdn. Bhd. Exempt AN for CGS International Securities (Singapore) Pte Ltd (Retail Clients)	10,516,000	18.14
2. Ha Ai Ing	7,001,000	12.08
3. Wee Song Ching	6,201,800	10.70
4. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Cahaya Besi (Sarawak) Sdn. Bhd.	6,126,600	10.57
5. Tiang Chiin Yew	3,282,500	5.66
6. Tiang Ching Kok	3,282,500	5.66
7. Wangsa Bumimas Timber Sdn. Bhd.	2,804,000	4.84
8. Alliance Group Nominees (Tempatan) Sdn. Bhd. Quality Podium Sdn. Bhd.	2,700,000	4.66
9. Yesgains Sdn. Bhd.	2,682,300	4.63
10. Cahaya Besi (Sarawak) Sdn. Bhd.	2,004,000	3.46
11. HLB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiang Chiin Yew	2,000,000	3.45
12. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sincere Success Sdn. Bhd.	1,862,500	3.21
13. Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities account for Bong Lee Min	1,248,400	2.15
14. Chiaw Lik Chiat	830,700	1.43
15. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiang Chiin Ling	525,000	0.91
16. D'Hamskor Trading Co. Sdn. Bhd.	269,000	0.46
17. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged securities account for Abdul Aziz Bin Husain	156,000	0.27
18. Chieng Ngee Ong	136,400	0.24
19. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged securities account Bong Lee Min	120,000	0.21
20. Lee Chee Beng	95,200	0.16
21. Inmost Tech Sdn. Bhd.	80,000	0.14
22. Ngui Siew Kong @ Ngui Hua Yen	80,000	0.14
23. Tang King Hung	77,000	0.13
24. Sii How Hua	66,000	0.11
25. Cheah Kim Bang	60,000	0.10
26. Ngu Kee Tiong	57,700	0.10
27. Koh Thin Min	53,900	0.09
28. Hii Sing Wo	51,900	0.09
29. RHB Capital Nominess (Tempatan) Sdn. Bhd. Pledged securities account for Lee Nyek	51,900	0.09
30. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ong Yoke Chee	50,000	0.09
	54,472,300	93.97

List of Properties

as at 31st January 2026

Address	Brief Description	Existing use	Tenure & Expiry Date	Age of Buildings	Net Book Value (RM)	Date of last revaluation/ acquisition
Lot 706, Block 7, MTL D, Sejingkat Industrial Park, 93050 Kuching.	Industrial Land with factory buildings of approx. 6.980 hectares	Factory & staff quarter	2054	29	14,628,896	Land acquired on 2.4.1997. Buildings completed on December 1997. New extension completed in 2002. Land & buildings revalued on 28.10.1999.
Lot 1910, 1960, 2372, 2405, 2406, Mukim Jeram Batu, Daerah Pontian, Johor.	Agricultural Land of approx. 55.35 acres	Vacant Land	Freehold	-	13,087,746	Land acquired in 2012
Lot 27, Blk 4 Muara Tebas Land District.	Industrial land & factory buildings of approx. 6.0620 hectares	Factory	Leasehold 2069	18 & 26	6,024,582	Land acquired on 24.4.1997. Land lease renewed on 05.11.2009. Building completed on 26.7.2000. 2nd building completed in 2008.
Sublot 11 of Parent lot 3280, Block 217, Kuching North Land District.	3 storey shophouse of approx. 343.8 sq. meter	Rented out	Leasehold 60 years from title issue	8	1,172,242	Property acquired in 2019
Sublot 29, Lot 329 & 332, Sentosa Parade, Block 46, KCLD, Penrissen Road, Kuching.	3 storey shophouse of approx. 387.1 sq. meter	Vacant	Leasehold 60 years from title issue	8	1,156,000	Property acquired in 2019
Lot 8024-8029, 8083-8084, Blk 5, KBLD D.Senadin, Miri.	Industrial land of approx. 7,315 sq. meter	Vacant	Leasehold 60 years from title issue	-	1,166,896	Land acquired in 2008
Lot 602, Blk 20 Kemena Land District Kidurong Industrial Area, Bintulu.	Plant office, laboratory, cement store & worker quarter approx. 1.2142 hectares	Office, laboratory, store & worker quarter	Leasehold 2067	24	797,609	Land acquired on 23.07.2001. Building completed in 2002. Worker quarter extension completed in 2009.
Industrial Lot#103, Tanjung Manis Timber processing zone.	Industrial land of approx. 1.6637 hectares	Vacant	Leasehold 2051	-	354,903	Land acquired in 1997
Lot 368, Blk 53, Mukah Land District, Mukah.	Industrial land of approx. 1.32 acre	Office, laboratory, store & workers' quarter	Leasehold 2063	17	291,551	Land acquired on 20.01.2003. Building completed in 2009
M3-324, Seniawan Sbrang, Bau.	Mixed Zone Land of approx. 2.934 hectares	Vacant land	Leasehold 2034	-	1	Land acquired on 13.7.2000
No. 8, Level 10 Chonglin Plaza, Kuching.	1 unit Condominium of approx. 1,226 sq. feet	Staff usage	Leasehold 2925	27	1	Building acquired on 9.12.1999
					38,680,426	

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting ("30th AGM") of **QUALITY CONCRETE HOLDINGS BERHAD** will be held at Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on **Wednesday, 8th July 2026 at 10.30 a.m.** for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 January 2026 together with the Reports of the Directors and Auditors thereon. **Note 1**
2. To re-elect the following directors, who are due to retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, have offered themselves for re-election.
 - (a) Mr. Paul Chiam Tau Keen **Resolution 1**
 - (b) Ms Lynda Chong Hui Lyn **Resolution 2**
3. To approve Directors' fees of RM72,000.00 and meeting allowance of RM36,000.00 in respect of the financial year ending 31 January 2027. **Resolution 3**
4. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorize the Directors to determine their remuneration. **Resolution 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

5. **Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transaction Of A Revenue Or Trading Nature** **Resolution 5**

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature as set out in Paragraph 2.2 of the Company's Circular to Shareholders dated 29th May 2026 with the related parties mentioned therein which are necessary for Quality Concrete Holdings Berhad Group's day-to-day operations subject to the following:-

- a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and on terms not to the detriment of the minority shareholders; and
- b) disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year based on the following information:
 - i) The types of recurrent related party transactions made; and
 - ii) The names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

Notice of Annual General Meeting (Contd.)

AND THAT such approval shall continue to be in force until:-

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at an AGM whereby the authority is renewed;
- b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to the provisions of the Act; or
- c) revoked or varied by resolution passed by the shareholders in an AGM or Extraordinary General Meeting,

whichever is earlier;

And the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

- 6. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.**

By Order of the Board,

Yeo Puay Huang [SSM PC No. 202008000727 (LS0000577)]
Paul Chiam Tau Keen [SSM PC No.202008002707 (MIA14900)]
Company Secretaries
Dated : 29th May 2026

Explanatory Notes to Special Business

a) Ordinary Resolution 5 - Proposed General Mandate for Recurrent Related Party Transactions

The proposed Ordinary Resolution 5, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-day operations. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the company at a general meeting.

Detailed information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 29th May 2026 circulated together with this Annual Report.

Notice of Annual General Meeting (Contd.)

Notes Accompany Notice of 30th AGM

1. Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. Only Depositors whose names appear in the General Meeting Record of Depositors as at 1st July 2026 be regarded as Members and shall be entitled to attend, speak and vote at the Annual General Meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his/her place. A proxy need not be a member of the Company. Where a holder appoints two or more proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting.
6. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or, if such appointer is a corporation, under its Common Seal or the hand of its attorney duly authorized.
7. The instrument appointing a proxy or proxies must be deposited at the registered office, Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.
9. Details of Individuals who are standing for election as Directors

The details of Individuals who are standing for election as directors are stated on page 19 to page 20 of the Annual Report 2026.

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Form of Proxy

No. of Shares Held:	
---------------------	--

I/We IC No. / Company No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letters)

being a member/members of QUALITY CONCRETE HOLDINGS BERHAD hereby appoint

..... IC No.
(Full Name in Capital Letters)

of
(Full Address in Capital Letters)

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on Wednesday, 8th July 2026 at 10.30 a.m. for the following purposes :-

(Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.)

NO.	RESOLUTION	FOR	AGAINST
1.	To re-elect Mr. Paul Chiam Tau Keen, who is due to retire in accordance with Clause 119 of the Company's Constitution and being eligible, has offered themselves for re-election.		
2.	To re-elect Ms Lynda Chong Hui Lyn, who is due to retire in accordance with Clause 119 of the Company's Constitution and being eligible, has offered themselves for re-election.		
3.	To approve Directors' fees of RM72,000.00 and meeting allowance of RM36,000.00 in respect of the financial year ended 31 January 2027.		
4.	To re-appoint Messrs. KPMG PLT as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorize the Directors to determine their remuneration.		
5.	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transaction Of A Revenue Or Trading Nature.		

Signed this day of, 2026

.....
Signature / Common Seal of Shareholder

Notes Accompany Notice of 30th AGM

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✂

7. The instrument appointing a proxy or proxies must be deposited at the registered office, Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.
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QUALITY CONCRETE HOLDINGS BERHAD

[199601005936 (378282-D)] Incorporated in Malaysia

Room 209, 2nd Floor, Wisma Bukit Mata Kuching,
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**QUALITY
CONCRETE
HOLDINGS
BERHAD**

[199601005936 (378282-D)]

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