



COMFORT GLOVES BERHAD

193701000006 (852-D)

ANNUAL REPORT



COMFORT
with **Trust**

85th Annual General Meeting

Day and Date:
Monday, 25 May 2026

Time:
9.00 a.m.

Venue:
Flemington Hotel
(Hall: M1 (Ground Floor))
1, Jalan Samanea Saman,
34000 Taiping,
Perak



Scan this QR code to find out more about our Annual Report 2025 from our website

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Comfort Gloves Berhad establishes a strong connection with customers to ensure consistency of **quality precision**. We innovate solution for our wide range of quality gloves in order to consistently improve better for our customers, **progressively achieves** better position as a pre-eminent player in the glove manufacturing industry worldwide.

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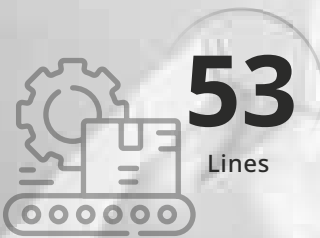




About

Comfort Gloves Berhad

Comfort Rubber Gloves Industries Sdn. Bhd. (CRG) was established in 1993 as the glove manufacturing subsidiary of Comfort Gloves Berhad (Formerly known as Integrated Rubber Corporation Berhad (IRCB)) which is listed on the main board of Malaysia's Stock Exchange - BMSB (Bursa Malaysia Securities Berhad). Located in Taiping, Perak, CRG's factory is equipped with advanced machineries and operations that are capable of producing wide range of quality gloves. Currently, our gloves are exported to various regions of the world.



North America

Central America

South America



CORE VALUES

RELIABILITY

QUALITY

SAFE

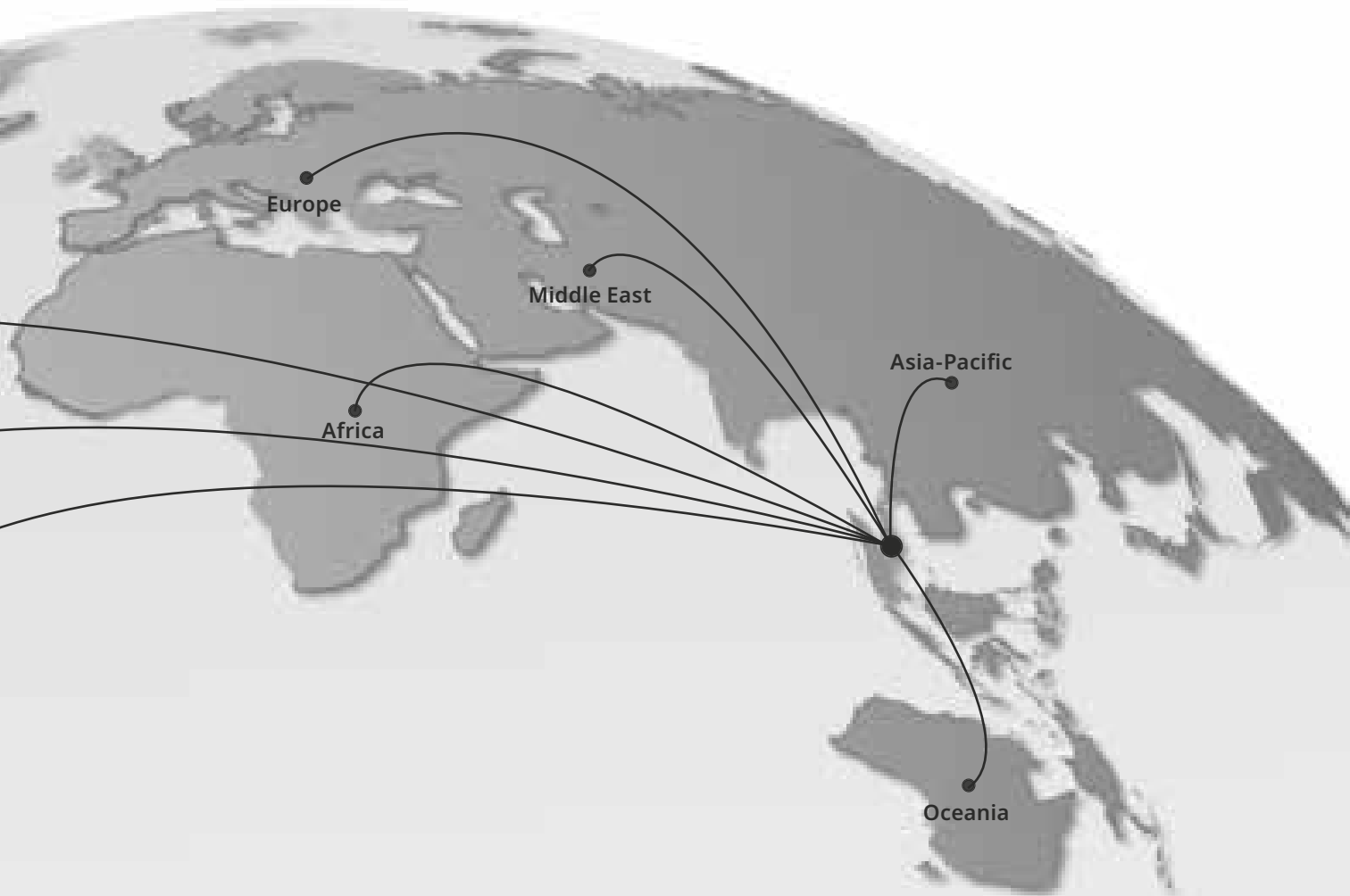
VISION

To be the market leader in providing safe gloves



MISSION

Making a difference where it matters





At a Glance

Financial Highlights

REVENUE

RM 333.59 million

2024

RM 346.76 million

GROSS LOSS

RM 47.12 million

2024

RM 34.30 million

LOSS BEFORE TAX

RM 144.27 million

2024

RM 64.18 million

CAPITAL EXPENDITURE

RM 28.28 million

2024

RM 38.86 million

TOTAL ASSETS

RM 744.76 million

2024

RM 936.02 million

NET CASH (USED IN)/FROM OPERATING ACTIVITIES

RM 32.70 million

2024

(RM 54.31 million)

Sustainability Highlights

Full sponsorship of the **Back to School CSR** covering annual fees and uniforms

Adoption of **Malayan Tiger** at Zoo Taiping

Upgrading **Community Surau** Infrastructure

Implementation of **Walk Clean Community Program** to empower community engagement

Contribution of **3 Smart TV units** to a nearby school

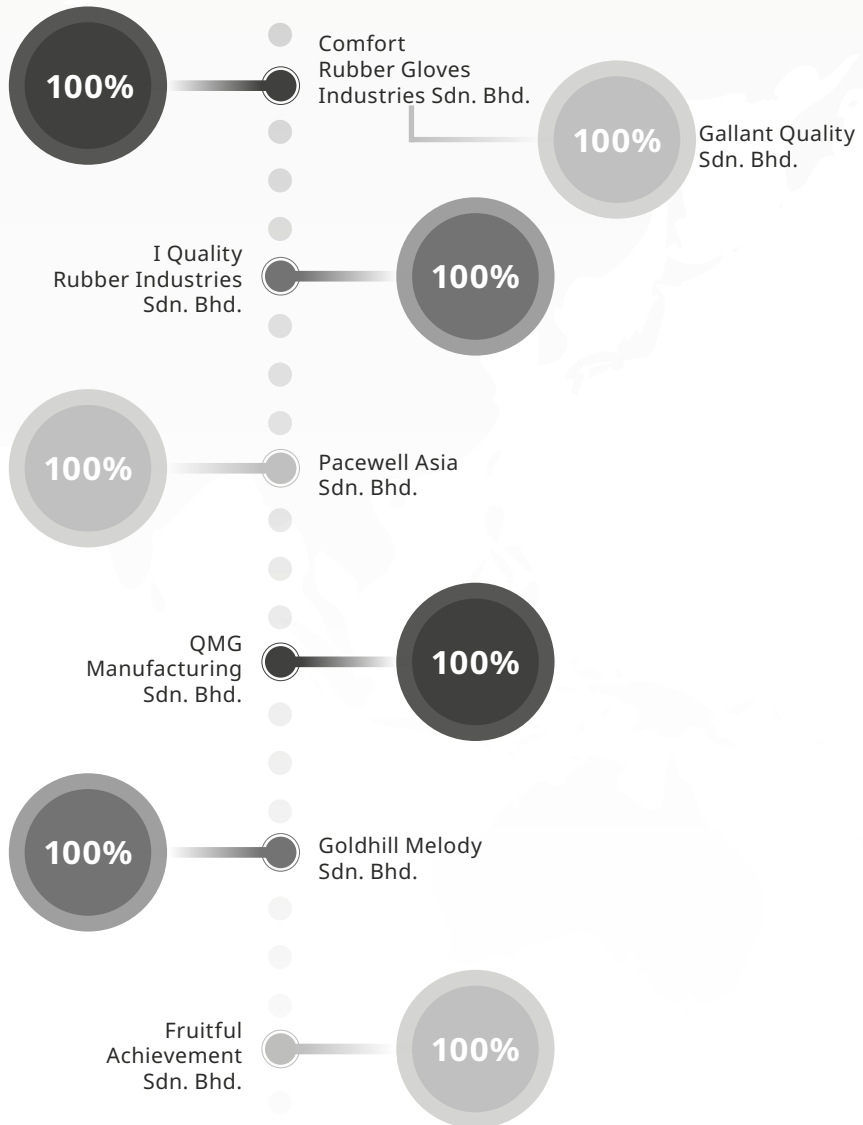


Group Structure



COMFORT GLOVES BERHAD

193701000006 (852-D)





Corporate Information

Directors

Tan Sri Dato' Lau Eng Guang
Executive Chairman

Lau Joo Yong
Executive Director cum
Group Chief Executive Officer

Lau Joo Pern
Executive Director

Chu Nyet Kim
Independent Non-Executive Director

Khoo Chie Yuan
Independent Non-Executive Director

Datuk Amnah Binti Ibrahim
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chu Nyet Kim (Chairman)
Khoo Chie Yuan
Datuk Amnah Binti Ibrahim

NOMINATION COMMITTEE
Datuk Amnah Binti Ibrahim (Chairman)
Khoo Chie Yuan
Chu Nyet Kim

REMUNERATION COMMITTEE
Khoo Chie Yuan (Chairman)
Datuk Amnah Binti Ibrahim
Chu Nyet Kim

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS

Lau Joo Yong
Lau Joo Pern

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

CORPORATE/OPERATIONAL OFFICE

Comfort Gloves Berhad
Lot 821, Jalan Matang
34750 Matang
Taiping, Perak, Malaysia
Tel No. : +605-8472 777
Fax No. : +605-8479 108
Website : <https://comfortrubber.com>
Email : inquiry@comfortrubber.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
[199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No. : +603-7890 4700 (Helpdesk)
Fax No. : +603-7890 4670
Website : www.boardroomlimited.com
Email : bsr.helpdesk@boardroomlimited.com

REGISTERED OFFICE

Unit 11.07, Amcorp Tower
Amcorp Trade Centre
18, Persiaran Barat
46050 Petaling Jaya
Selangor, Malaysia
Tel No. : 017-6229303

COMPANY SECRETARY

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

AUDITORS

KPMG PLT
Level 10, KPMG Tower
No.8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No. : +603-7721 3388
Fax No. : +603-7721 3399

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2127
Stock Short Name: COMFORT



Profile of Directors

TAN SRI DATO' LAU ENG GUANG

Executive Chairman

Age 71 | Male

Board Meeting Attended
●●●●● 5/5

Malaysia

Board Committees
Memberships
N/A

Date of Appointment
5 March 2021

Date of Last Re-Election
22 May 2023

Length of Service
(as at 21 April 2026)
5 years 1 month

Academic / Professional Qualifications

- South Australian - Matriculation

Other Directorship(s) in Public Companies and Listed Issuers

- Leong Hup International Berhad

Past Directorships and/or Appointments / Working Experience:

Tan Sri Dato' Lau Eng Guang has experience and skills in manufacturing and trading of latex gloves as he is also the Executive Director in the Company's major subsidiary since year 2015. He also has over 43 years of experience and expertise in the integrated livestock industry. He is also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

Family Relationship / Conflict of Interest

He is the father to Lau Joo Yong and uncle to Lau Joo Pern, who are the Executive Director cum Group Chief Executive Officer and Executive Director of the Company respectively.

He is the spouse of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.

He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

LAU JOO YONG

Executive Director cum
Group Chief Executive Officer

Age 39 | Male

Date of Last Re-Election
26 May 2025

Malaysia

Length of Services
(as at 21 April 2026)
11 years 7 months

Date of Appointment
as Executive Director
9 September 2014

Board Meeting Attended
●●●●● 5/5

Date of Appointment
as Group Chief
Executive Officer
31 March 2021

Board Committees
Memberships
N/A

Academic / Professional Qualifications

- Bachelor of Business Administration, East London University

Other Directorship(s) in Public Companies and Listed Issuers

- Leong Hup International Berhad

Past Directorships and/or Appointments / Working Experience:

He was the Chief Operating Officer for Peninsular Forest Management Sdn. Bhd., a Business Development Manager for Alam Muhibah Sdn. Bhd. and a Business Development Manager for Ikatan Kanyangan Sdn. Bhd. He is also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

Family Relationship / Conflict of Interest

He is the son of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company.

He is also the son of Puan Sri Goh Kim Kooi, who is the major shareholder of the Company.

He is the cousin of Lau Joo Pern who is the Executive Director of the Company.

He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.



Profile of Directors (Cont'd)

LAU JOO PERN

Executive Director

Age 45 | Male

Date of Last Re-Election

27 May 2024

Malaysia

Length of Service
(as at 21 April 2026)

11 years 2 months

Date of Appointment as
Non-Independent
Non-Executive Director

30 January 2015

Board Meeting Attended

●●●●● 5/5

Redesignated to
Executive Director

7 January 2021

Board Committees
Memberships

N/A

Academic / Professional Qualifications

- Bachelor of Accounting and Financial Management, University of Sheffield, United Kingdom
- Fellow of the Association of Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments / Working Experience:

His experience has spanned over a period of more than 17 years and he has held managerial position with one of the Big Four International Accounting Firm. His working experience included auditing, corporate finance advisory, valuation advisory, agriculture and plantation industry.

Family Relationship / Conflict of Interest

He is a nephew of Tan Sri Dato' Lau Eng Guang, who is the Executive Chairman and major shareholder of the Company and cousin of Lau Joo Yong who is the Executive Director cum Group Chief Executive Officer of the Company.

He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

CHU NYET KIM

Independent Non-Executive Director

Age 70 | Female

Board Meeting Attended

●●●●● 5/5

Malaysia

Board Committees
Memberships

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

Date of Appointment

26 July 2022

Date of Last Re-Election

26 May 2025

Length of Services
(as at 21 April 2026)

3 years 8 months

Academic / Professional Qualifications

- Member of the Malaysian Institute of Accountants (MIA)
- Fellow of Association of Certified Accountants, United Kingdom (FCCA)
- Diploma in Accounting (Honors), Algonquin College of Applied Arts & Technology, Canada

Other Directorship(s) in Public Companies and Listed Issuers

- Leong Hup International Berhad
- Mah Sing Group Berhad

Past Directorships and/or Appointments / Working Experience:

Ms Chu Nyet Kim worked in Deloitte Indonesia since June 1989 and retired on May 2016. Her last position before retirement was Deputy Managing Partner - Tax function Indonesia, Leader of Global Employer Services & Tax Risk Management Leader. She has been a Commissioner of PT PZ Cussons Indonesia, Jakarta, Indonesia since October 2016 and an Independent Director of Leong Hup International Berhad since August 2018.

Mah Sing Group Berhad appointed her as their Independent Non-Executive Director on 1 August 2025.

Family Relationship / Conflict of Interest

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

She has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.



Profile of Directors (Cont'd)

KHOO CHIE YUAN

Independent Non-Executive Director

Age 68 | Male

Board Meeting Attended
●●●●● 5/5

Malaysia

Date of Appointment

7 January 2021

Board Committees Memberships

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

Date of Last Re-Election

27 May 2024

Length of Service
(as at 21 April 2026)

5 years 3 months

Academic / Professional Qualifications

- Diploma in Business Administration, Institute of Business Administration, Australia
- Diploma in General Insurance, Australian Insurance Institute
- Advanced Diploma in Accounting, International Association of Accounting Professionals
- Member of International Association of Accounting Professionals

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments / Working Experience:

Mr Khoo Chie Yuan is a retiree who had worked for AmBank Group as SME Segment Senior Manager for the past 34 years before his retirement in June 2019.

He has vast experience and skills in the field of sales, management and marketing in banking and finance areas.

Family Relationship / Conflict of Interest

He does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

DATUK AMNAH BINTI IBRAHIM

Independent Non-Executive Director

Age 68 | Female

Board Meeting Attended
●●●●● 5/5

Malaysia

Date of Appointment

19 July 2022

Board Committees Memberships

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

Date of Last Re-Election

22 May 2023

Length of Services
(as at 21 April 2026)

3 year 9 months

Academic / Professional Qualifications

- STPM, Sekolah Datuk Bentara Luar Batu Pahat Johor

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Past Directorships and/or Appointments / Working Experience:

Datuk Amnah Binti Ibrahim has more than 20 years working experience in the field of human resource and general affair. The last designation was Human Resource Director and General Affair Manager before she relinquished the positions in 2003. She then was appointed as Managing Director of Armada Baiduri Sdn. Bhd., a construction company with CIDB G7 License since 2003.

Family Relationship / Conflict of Interest

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

She has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.



Profile of Key Senior Management

LEONG CHOI LING
Chief Financial Officer

Age 52 | Female

Malaysia

Date of Appointment
30 May 2025

Academic / Professional Qualifications

- A Member of the Malaysia Institute of Accountants (MIA)

Other Directorship(s) in Public Companies and Listed Issuers

- Nil

Working Experience:

Ms Leong Choi Ling joined Comfort Gloves Berhad on 16 June 2022. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and an ACCA graduate. Ms Leong brings over 26 years of experience in various core areas of financial and compliance functions, including corporate finance, operations, manufacturing, financial management, risk management, treasury, tax compliance and planning, funding management, as well as external and internal audit. Her professional exposure spans across conglomerates, multinational corporations, and public listed companies on both Bursa Malaysia and the Australian Securities Exchange. Prior to joining Comfort Gloves Berhad, she held senior leadership roles such as Chief Financial Officer, Finance Director, and Senior Group Accountant in several organisations.

Family Relationship / Conflict of Interest

She does not have any family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

Conviction of Offence

She has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.



Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the Annual Report and Audited Financial Statements of Comfort Gloves Berhad ("CGB" or "the Company") and its subsidiaries ("the Group" or "CGB Group") for the financial year ended 31 December 2025 ("FYE 2025"). The year under review continued to present challenges for the Group amid the broader headwinds facing the glove industry. Nevertheless, we remained steadfast in navigating these headwinds whilst laying the groundwork to strengthen our position as industry conditions evolve.

BUSINESS ENVIRONMENT

The global rubber glove industry continued to face a challenging operating environment in 2025, characterised by persistent oversupply, intense pricing competition and rising production costs arising from raw material volatility, higher energy tariffs and evolving labour regulations. While the restocking-driven demand observed in 2024 had provided some initial signs of recovery, these conditions did not sustain into 2025 as the broader industry headwind persisted.

The geopolitical landscape shifted considerably during the year, reshaping global trade flows. The imposition of a 50.0% United States ("US") tariff on Chinese-made gloves effective from January 2025 redirected part of procurement towards Malaysian manufacturers, providing some support to order volumes and capacity utilisation levels within the Malaysian glove industry. However, this was insufficient to offset the continued pricing pressures in non-US export markets, as Malaysia's rubber glove export value declined by 10.1%, from RM15.57 billion in 2024 to RM14.00 billion in 2025. The subsequent escalation of US tariffs on Chinese-made medical and surgical gloves to 100.0% effective January 2026 is expected to further strengthen the competitive position of Malaysian glovemakers in the US market.

We remain attentive to these evolving geopolitical and trade dynamics, which will continue to shape the competitive landscape in the near term.

FINANCIAL PERFORMANCE

Amid the prevailing market conditions, our Group recorded revenue of RM333.59 million in FYE 2025, a decrease of RM13.17 million or 3.8% from RM346.76 million in 31 December 2024 ("FYE 2024"), primarily driven by weaker export demand and prolonged pricing pressure in the global glove market.

Our Group recorded a loss before tax ("LBT") of RM144.27 million in FYE 2025, compared to an LBT of RM64.18 million in FYE 2024. The financial performance for the financial year was significantly impacted by the recognition of an impairment loss on property, plant and equipment ("PPE") of RM52.49 million, the write-off of PPE of RM13.14 million, as well as the inventories written down amounting to RM16.10 million.

Notwithstanding the reported loss, our Group maintained a sound liquidity position as at 31 December 2025, supported by cash and cash equivalents ("CCE") of RM64.03 million, a current ratio of 5.64 times and a gearing ratio of 0.03 times. However, our Group's total equity decreased to RM671.30 million, with net assets per share declining to RM1.15 from RM1.40 in FYE 2024, primarily due to the losses recorded during the financial year.

For a more detailed overview of our financial performance, please refer to the Management Discussion and Analysis section of this Annual Report.



Chairman's Statement (Cont'd)

UPHOLDING CORPORATE GOVERNANCE

As we continue to navigate an evolving business landscape, strong corporate governance forms the foundation upon which we build stakeholder trust and long-term business resilience. By embedding the principles of transparency, accountability and integrity throughout our organisation, we promote responsible decision-making and strengthen oversight across our operations.

Following the re-designation of our Audit Committee to the Audit and Risk Management Committee, the Board has continued to enhance its integrated approach to risk oversight, ensuring that risk considerations are systematically addressed alongside financial reporting responsibilities.

For further details on our corporate governance practices and disclosures, please refer to the Corporate Governance Overview Statement ("CG Overview Statement") of this Annual Report, as well as the Corporate Governance Report ("CG Report").

COMMITMENT TO SUSTAINABILITY

Sustainability continues to be an integral pillar of our Group's long-term business strategy as we strive to create sustainable value for our stakeholders. During FYE 2025, we strengthened our sustainability framework through the revision of several key policies, including the Environmental Policy, Social Compliance Policy and Working Hours and Overtime Policy. These policies reinforce our commitment to responsible business practices while establishing a structured framework to drive continuous improvement in our environmental and social performance.

In addition, we remained committed to supporting the communities surrounding our operations through various Corporate Social Responsibility ("CSR") initiatives. During the year, we extended support to students with intellectual disabilities at Sekolah Semangat Maju in Larut, Matang and Selama. Separately, through the Back to School 2025 programme, we fully sponsored the annual schooling expenses of students at Tabika Kemas Matang Gelugor and Tabika Kemas Simpang, covering school fees, insurance, uniforms and sports attire. We also continued our tradition of festive giving by supporting communities in need during Chinese New Year, Hari Raya Aidilfitri and Deepavali 2025.

Further details on our Group's sustainability commitments, initiatives and performance are set out in the Sustainability Statement of this Annual Report.



Chairman's Statement (Cont'd)

FUTURE PROSPECTS

The outlook for the rubber glove industry heading into 2026 had been showing encouraging signs, with global glove demand projected to reach approximately 398 billion pieces in 2026 according to TA Securities Holding Berhad, supported by escalation of US tariffs on Chinese-made gloves and growing demand across healthcare and non-medical sectors.

However, the commencement of US-Israeli military operations against Iran on 28 February 2026 has introduced significant near-term uncertainty, particularly in relation to energy costs, raw material prices and global supply chain disruptions. We are closely monitoring these developments and their potential implications for our business.

Notwithstanding these uncertainties, we remain focused on strengthening our competitive position through operational efficiency improvements, the development of higher-margin products and disciplined cost management. These efforts are aimed at positioning our Group for a return to profitability as industry conditions improve.

Appreciation

On behalf of the Board, I would like to extend my heartfelt thanks to our management team and employees for their dedication and resilience throughout the year. Your commitment and professionalism have been instrumental in navigating the challenges faced during the year and in supporting our Group's ongoing efforts to strengthen our position.

I am also pleased to congratulate Ms. Leong Choi Ling on her appointment as our Chief Financial Officer, having previously served as the Group's Financial Controller. Her familiarity with our operations and financial position will serve us well as we navigate the current operating environment.

I would also like to express my sincere appreciation to our shareholders, customers and business partners for their continued trust and confidence in our Group. Your support remains an important foundation as we continue our journey towards long-term growth and sustainability.

Looking ahead to 2026, we are mindful of the challenges and uncertainties in the operating environment, but remain committed to building a stronger and more resilient organisation. With the continued support of our stakeholders, we will strive to deliver sustainable long-term value for all our stakeholders.

Thank you.

Tan Sri Dato' Lau Eng Guang
Executive Chairman
15 April 2026



Management Discussion and Analysis

THE GROUP'S BUSINESS AND OPERATIONS REVIEW

Our Group has been principally engaged in the manufacturing and trading of both natural and synthetic rubber gloves since 1993. Over the years, our Group has grown into an established glove manufacturer, offering a wide range of products that serve customers across various industries, including healthcare, food services, laboratories and others. Through continuous market expansion over the years, our Group has built a strong international presence, supplying our products to customers in North America, Asia, Europe and other regions.

Currently, our Group operates six (6) manufacturing plants in Taiping, Perak, with a total of 53 manufacturing lines and an annual capacity of approximately six (6) billion pieces of gloves. These facilities are equipped with advanced machinery and equipment that supports efficient and large-scale production, enabling us to meet our customers' requirements.

The rubber glove industry continued to face headwinds during FYE 2025, characterised by persistent oversupply, competitive pricing pressures and rising operational costs. In response, our Group focused on strengthening operational resilience through the development of higher-margin specialty products, cost optimisation and operational efficiency initiatives including the acceleration of automation technologies. As part of our ongoing efforts to rationalise our asset base and align production capacity with prevailing market conditions, certain plant and equipment and inventories were impaired or written off during the financial year, as further discussed in the Financial Performance Review and Financial Position Review sections below. These measures aimed at strengthening our Group's competitiveness and positioning us for sustainable recovery as industry conditions gradually improve.

FINANCIAL PERFORMANCE REVIEW

	FYE 2025	FYE 2024	Variance	
	RM'000	RM'000	RM'000	%
Revenue	333,589	346,757	(13,168)	(3.8)
Gross loss ("GL")	(47,116)	(34,299)	(12,817)	37.4
Loss before tax ("LBT")	(144,274)	(64,183)	(80,091)	124.8
Loss after tax ("LAT")	(142,514)	(55,888)	(86,626)	155.0
Financial Ratios				
GL margin (%)	(14.1)	(9.9)	-	(4.2)
LBT margin (%)	(43.2)	(18.5)	-	(24.7)
LAT margin (%)	(42.7)	(16.1)	-	(26.6)

Throughout FYE 2025, the rubber glove industry remained challenging, marked by persistent oversupply, competitive pricing pressures and rising operational costs. While the implementation of a 50.0% US tariffs on Chinese-made gloves in 2025 began redirecting part of the demand towards Malaysian manufacturers, the broader industry environment remained subdued due to continued global oversupply and intense competition in non-US markets. As a result, Malaysia's rubber glove exports declined by 10.1%, from RM15.57 billion in 2024 to RM14.00 billion in 2025.

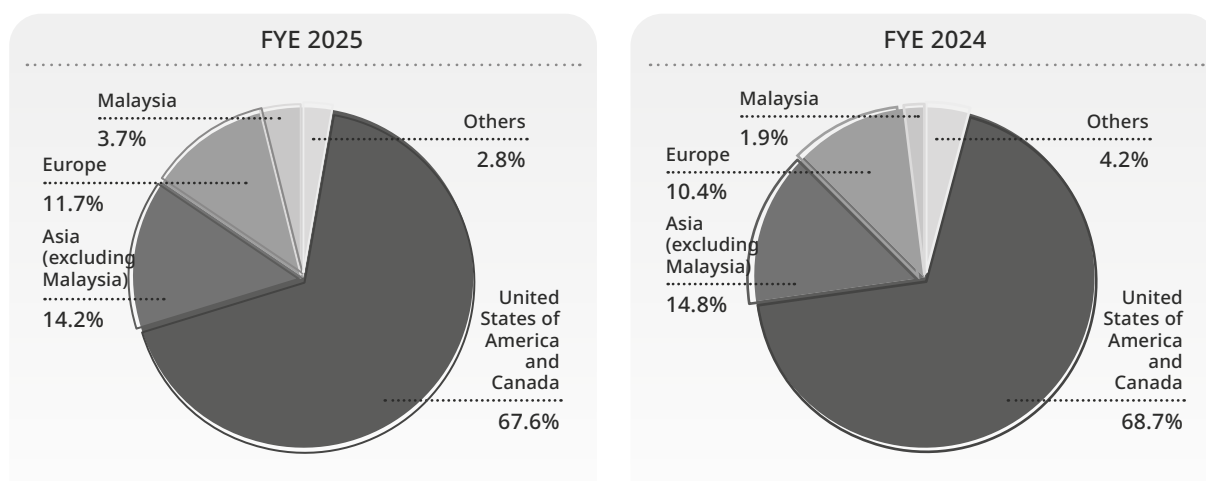


Management Discussion and Analysis (Cont'd)

Revenue

In light of the above market environment, our Group recorded a decrease in revenue of RM13.17 million or 3.8%, from RM346.76 million in FYE 2024 to RM333.59 million in FYE 2025. The decrease was mainly driven by weaker demand from overseas customers and intensified price competition during the financial year.

Our Group's revenue segmentation by geographical markets for FYE 2025 and FYE 2024 is presented below: -



During FYE 2025, overseas markets remained the primary revenue contributor, accounting for 96.3% of our total revenue, while the Malaysian market contributed the remaining 3.7%. The United States of America and Canada continued to be our Group's largest markets, contributing RM225.46 million or 67.6% of our total revenue in FYE 2025 (FYE 2024: RM238.13 million or 68.7%). Asia (excluding Malaysia) remained the second largest market, accounting for 14.2% of our total revenue in FYE 2025.

GL and GL Margin

Despite the marginal decrease in cost of sales from RM381.06 million in FYE 2024 to RM380.70 million in FYE 2025, our Group reported a higher GL of RM47.12 million in FYE 2025, representing an increase of RM12.82 million or 37.4% compared to RM34.30 million in FYE 2024. The higher GL was primarily attributable to the inventories written down amounting to RM16.10 million during the financial year. In addition, our Group's lower production volumes during the financial year resulted in fixed manufacturing overheads being spread across fewer units, contributing to a higher cost per unit. Correspondingly, the GL margin widened to 14.1% in FYE 2025 from 9.9% in FYE 2024.

LBT and LBT Margin

In addition to the higher GL recorded, our Group reported a significantly higher LBT of RM144.27 million in FYE 2025, representing an increase of RM80.09 million or 124.8% from RM64.18 million in FYE 2024. Accordingly, the LBT margin widened to 43.2% in FYE 2025 from 18.5% in FYE 2024. The increase in both LBT and LBT margin was mainly attributable to the recognition of an impairment loss on PPE amounting to RM52.49 million as well as the write-off of PPE amounting to RM13.14 million during FYE 2025.



Management Discussion and Analysis (Cont'd)

LAT and LAT Margin

Our Group's LAT increased by RM86.62 million or 155.0% from RM55.89 million in FYE 2024 to RM142.51 million in FYE 2025, with the LAT margin widening to 42.7% from 16.1% in the prior year. The lower tax credit of RM1.76 million in FYE 2025 compared to RM8.30 million in FYE 2024 was mainly due to lower deferred tax benefits recognised during the financial year.

FINANCIAL POSITION REVIEW

	31.12.2025	31.12.2024	Variance	
	RM'000	RM'000	RM'000	%
Assets				
Non-current assets	403,195	479,679	(76,484)	(15.9)
Current assets	341,564	456,342	(114,778)	(25.2)
Total assets	744,759	936,021	(191,262)	(20.4)
Liabilities				
Non-current liabilities	12,905	11,775	1,130	9.6
Current liabilities	60,551	110,429	(49,878)	(45.2)
Total liabilities	73,456	122,204	(48,748)	(39.9)
Equity/ Net assets attributable to equity holders of the Company	671,303	813,817	(142,514)	(17.5)
Financial Ratios				
Current ratio (times)	5.64	4.13	1.51	36.6
Gearing ratio (times)	0.03	0.06	(0.03)	(50.0)
Net assets per share (sen)	115.16	139.60	(24.44)	(17.5)

Our Group's total assets decreased by RM191.26 million or 20.4%, from RM936.02 million as at 31 December 2024 to RM744.76 million as at 31 December 2025. The decrease was primarily attributable to:

- (i) the decrease in PPE by RM76.39 million, mainly arising from the recognition of an impairment loss and write-off of PPE during the financial year;
- (ii) the decrease in inventories of RM53.48 million, mainly driven by the net written down of inventories amounting to RM16.10 million as well as lower inventory holdings in line with the reduced production volumes during the financial year;
- (iii) the decrease in trade and other receivables by RM37.41 million, in line with the lower revenue recorded during the financial year and improved collections during the year; and
- (iv) the decrease in other investments by RM29.79 million, following the withdrawal of investments in unit trusts.

The above decreases were partially offset by an increase in cash and cash equivalents of RM6.97 million, as further discussed in the Cash Flows Review section below.



Management Discussion and Analysis (Cont'd)

Our Group's total liabilities decreased by RM48.74 million or 39.9% from RM122.20 million as at 31 December 2024 to RM73.46 million as at 31 December 2025. The decrease was primarily driven by a reduction in loans and borrowings of RM27.38 million, mainly arising from a net reduction in bill payables of RM31.51 million, partially offset by an increase in term loans of RM4.23 million. The decrease in total liabilities was also partially attributable to the decrease in trade and other payables of RM18.95 million, mainly due to lower production volumes and purchases during the financial year.

Overall, our Group concluded the financial year with an improved liquidity position, supported by a current ratio of 5.64 times, a low gearing ratio of 0.03 times, and CCE of RM64.03 million. However, our Group's total equity decreased by RM142.51 million to RM671.30 million, with a net assets per share declining to RM1.15 from RM1.40 in FYE 2024, primarily due to the losses recorded during the financial year.

CASH FLOWS REVIEW

	FYE 2025	FYE 2024	Variance	
	RM'000	RM'000	RM'000	%
Net cash from/ (used in) operating activities	32,700	(54,312)	87,012	(160.2)
Net cash from/ (used in) investing activities	4,653	(28,056)	32,709	(116.6)
Net cash (used in)/ from financing activities	(29,826)	1,921	(31,747)	(1,652.6)
Net changes in CCE	7,527	(80,447)	87,974	(109.4)
Effect of exchange rate fluctuations	(554)	(3,674)	3,120	(84.9)
CCE at the beginning of the financial year	57,061	141,182	(84,121)	(59.6)
CCE at the end of the financial year	64,034	57,061	6,973	12.2

During FYE 2025, our Group recorded a net cash inflow from operating activities of RM32.70 million, a significant improvement from the net cash outflow from operating activities of RM54.31 million in FYE 2024. This improvement was mainly attributable to a lower inventories of RM37.38 million due to reduced stock holdings and the net written down of inventories during the financial year, as well as decrease in trade and other receivables of RM33.72 million, driven by improved collections and the lower revenue recorded during the financial year. These working capital inflows were partially offset by a decrease in trade and other payables of RM18.52 million.

Our Group recorded a net cash inflow from investing activities of RM4.65 million in FYE 2025, mainly attributable to the withdrawal from investments in unit trusts of RM32.92 million and interest income of RM1.09 million from the investments. The cash inflow was partially offset by the purchase of PPE amounting to RM28.28 million.

Our Group reported a net cash outflow from financing activities of RM29.83 million in FYE 2025, primarily due to the net repayment of bill payables and interest expenses amounting to RM30.93 million and RM2.42 million respectively. The cash outflow was partially offset by the net drawdown of term loans amounting to RM4.23 million.



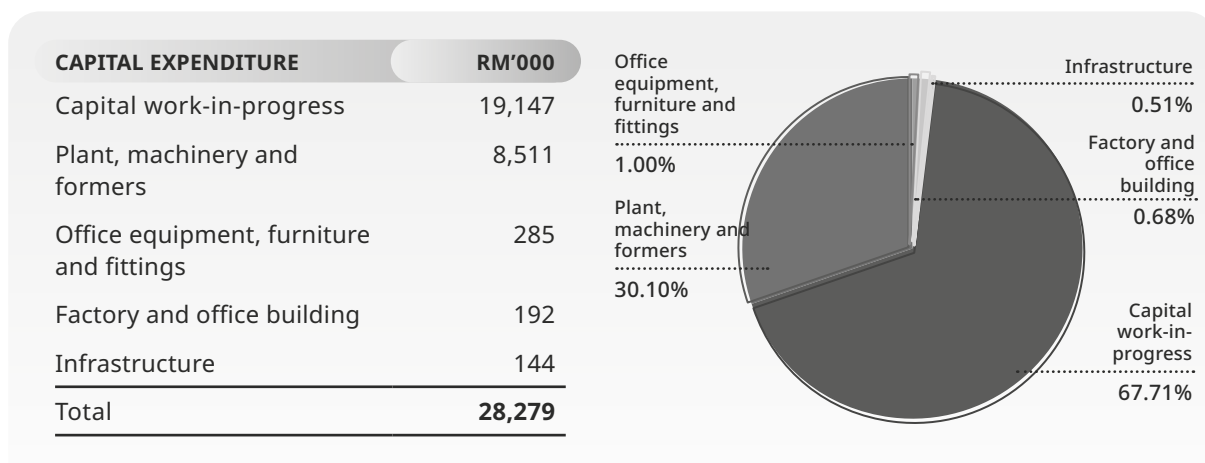
Management Discussion and Analysis (Cont'd)

CAPITAL STRUCTURE, RESERVES AND EXPENDITURE

Our Group finances our operations through cash generated from business activities, credit extended by trade suppliers and banking facilities provided by financial institutions, including term loans, finance leases and bill payables.

As at 31 December 2025, our Group's total share capital stood at RM142.99 million, comprising 582,949,143 ordinary shares, with a net assets per share of RM1.15. Barring any unforeseen circumstances, our Group shall have sufficient working capital to meet our operational requirements, taking into consideration our CCE of RM64.03 million, current ratio of 5.64 times and a gearing ratio of 0.03 times as at 31 December 2025.

During FYE 2025, our Group has invested a total of RM28.28 million in capital expenditures, which consists of the following: -



Total capital expenditure decreased by RM10.58 million or 27.2% from RM38.86 million in FYE 2024, mainly due to lower spending on capital work-in-progress following the substantial completion of certain facility enhancement projects in the prior year.

As at 31 December 2025, our Group's capital commitments are as follows: -

CAPITAL COMMITMENTS	RM'000
Property, plant and equipment - approved and contracted for	922

As at 31 December 2025, our Group's capital commitments decreased significantly from RM20.01 million in FYE 2024 to RM0.92 million, following the substantial completion of ancillary facility enhancement works during the financial year. The remaining commitment relates to ongoing facility works for our Group's operations.



Management Discussion and Analysis (Cont'd)

KEY RISKS RELATING TO OUR BUSINESS



Business Competition Risk

The glove industry remains highly competitive, with numerous new and existing players operating across major markets. This has contributed to an oversupply of gloves and continued downward pressure on average selling price ("ASP"). These conditions intensify price competition and place pressure on our Group's ability to sustain profit margins.

To mitigate this risk, we focus on developing products that meet evolving customer requirements, allowing us to differentiate our offerings in the market. In addition, we conduct regular reviews of our product costing structures to improve cost efficiency and support profitability.



Risk of Rising Production Cost

Our Group continues to face rising production costs driven by higher prices of key raw materials such as natural rubber and chemicals, as well as increases in energy and labour costs. During FYE 2025, these pressures were compounded by higher energy tariffs and the impact of revised labour regulations. In a highly competitive industry with limited pricing flexibility, these cost pressures may compress margins and affect profitability if not effectively managed.

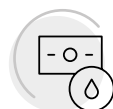
To manage rising production costs, our Group continues to strengthen our procurement practices by expanding our network of suppliers and identifying alternative sourcing options. This approach allows us to secure more competitive pricing while reducing reliance on any single supplier and strengthening the resilience of our Group's supply chain. In addition, we regularly assess product costing and pricing strategies to support prudent cost management.



Risk of Export Bans

Our Group is exposed to the risk of export restrictions or bans, particularly in the US and other key markets. These conditions may arise from perceived or actual inconsistencies in product quality or other compliance issues. Any restrictions would have a significant impact on revenue and market access.

To mitigate this risk, our Group has established comprehensive control measures throughout the manufacturing process. These measures include rigorous water-tight testing and visual inspections during quality assurance, chemical testing on compounding and in-process materials and physical properties testing. Moreover, we conduct weekly performance reviews focusing on key metrics such as barrier defects per million opportunities and visual lot acceptance rates. These reviews are supported by regular internal quality audits to ensure consistent adherence to stringent international quality standards.



Credit and Liquidity Risk

Our Group is exposed to credit risk arising from potential delays or non-collection of trade receivables, which could adversely affect cash flow and working capital. This risk is heightened by our Group's current loss-making position, which could challenge the availability of working capital to meet operational and financial obligations in a timely manner.

To manage this risk, our Group regularly monitors credit exposure and periodically reviews customer credit terms. Our Group also seeks to negotiate longer credit terms with suppliers, optimise inventory management and defer non-essential capital expenditure where feasible. These measures are intended to maintain adequate liquidity and support operational stability.



Management Discussion and Analysis (Cont'd)

KEY RISKS RELATING TO OUR BUSINESS (Cont'd)



Foreign Currency Risk

Our Group is exposed to foreign currency fluctuations, primarily arising from sales and purchases being denominated in United States Dollars ("USD"). Adverse movements in the exchange rate may affect reported earnings, particularly in periods of heightened volatility influenced by global economic factors.

To manage this exposure, our Group utilises forward exchange contracts to hedge material foreign currency transactions. During FYE 2025, our Group increased the notional value of forward exchange contracts from RM11.15 million to RM16.42 million to proactively manage the heightened currency volatility during the financial year.



US Trade Policy and Tariff Risk

Our Group's revenue is significantly concentrated in the United States and Canada, which accounted for 67.6% of total revenue in FYE 2025. While the current imposition of US tariffs on Chinese-made gloves has benefited Malaysian glove manufacturers by redirecting demand, any future changes in US trade policy, including the imposition, removal or adjustment of tariffs, could materially affect our Group's competitive position and market access. Additionally, potential retaliatory tariffs or trade measures affecting Malaysian exports to the US would pose a direct risk to our Group's revenue base.

To mitigate this risk, our Group continues to monitor developments in global trade policies and assess their potential impact on our business operations.



Tax Litigation Risk

Our Group is currently subject to additional income tax assessments raised by the Inland Revenue Board ("IRB") on two (2) of our wholly-owned subsidiaries, Comfort Rubber Gloves Industries Sdn Bhd and Gallant Quality Sdn Bhd, amounting to additional net income tax of RM13.6 million and related penalties of RM85.7 million. Our Group has filed a judicial review and an appeal to the Special Commissioners of Income Tax, and does not admit to any liability on the additional assessments. As the court process remains ongoing, the outcome of this matter remains uncertain. An adverse ruling could have a material impact on our Group's financial position and cash flows.

For further details, please refer to the announcements made on Bursa Malaysia's website.

PROSPECT AND OUTLOOK

Prior to the recent escalation of geopolitical tensions in the Middle East, the outlook for the rubber glove industry heading into 2026 had been showing encouraging signs of recovery. According to TA Securities Holding Berhad, global glove demand is projected to reach approximately 398 billion pieces in 2026, driven by increased healthcare consumption and the expansion of glove usage in non-medical sectors, including food and beverage, beauty and aesthetics, senior home care, and semiconductor industries. The Malaysian Rubber Glove Manufacturers Association ("MARGMA") has projected global demand growth of 4.0% to 6.0%, supported by normalised inventory levels and a more balanced supply-demand dynamic across the industry, with the inventory correction phase as largely complete.



Management Discussion and Analysis (Cont'd)

KEY RISKS RELATING TO OUR BUSINESS (Cont'd)

PROSPECT AND OUTLOOK (Cont'd)

This improving demand outlook is further supported by the increase in US tariffs on Chinese-made medical and surgical gloves, which were raised to 50% effective January 2025 and further escalated to 100% effective January 2026. These measures have significantly eroded the price competitiveness of Chinese-origin gloves in the US market. As US buyers increasingly shift their procurement to alternative sources, Malaysian glovemakers, including our Group, are well-positioned to capture incremental market share and benefit from a more supportive ASP environment.

However, the commencement of US-Israeli military operations against Iran on 28 February 2026 has introduced significant uncertainty to the near-term outlook. The disruption to shipping routes through the Strait of Hormuz, the sharp increase in global oil prices and the resulting impact on energy and raw material costs, particularly for synthetic rubber which is an oil derivative, may exert additional cost pressures on the Group's manufacturing operations. Global supply chain costs, including shipping and insurance premiums, have also risen materially. While the full extent of these developments remains uncertain, our Group is closely monitoring the situation and its potential implications for our business.

Notwithstanding these near-term uncertainties, our Group remains cautiously optimistic about the longer-term prospects for the industry, underpinned by structural demand drivers including an ageing population and heightened hygiene awareness. In response to the evolving operating environment, our Group will continue to align our operational strategies to capture emerging opportunities while strengthening our cost competitiveness. This includes prioritising higher margin specialty products and enhancing production efficiency through increased automation and artificial intelligence technologies, and strengthening the ESG-aligned manufacturing practices to meet the growing sustainability expectations from customers and regulators. Supported by disciplined cost management across all business functions, these initiatives are aimed at positioning our Group for a return to profitability as industry conditions improve.

DIVIDEND

The Company does not have any formal dividend policy currently. Any recommendation and declaration of dividends remain at the discretion of our Board, after taking into account factors such as our Group's operating cash flow position, capital expenditure requirements, overall financial performance and any other considerations deemed relevant by our Board from time to time.

No dividend was declared or paid for FYE 2025 as our Group continue to prioritise strengthening our business and operations to ensure sustainable long-term growth.