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25th

Annual General Meeting



Level 2, Lot PTD 6019 (Lot 8804),
Jalan Perindustrian 1,
Kawasan Perindustrian
Bukit Bakri, Mukim Bakri, 84200 Muar,
Johor Darul Takzim



Friday, 21 November 2025



11.00 a.m.

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* This information is available on our corporate website
by scanning the QR code provided.





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MANAGEMENT DISCUSSION & ANALYSIS

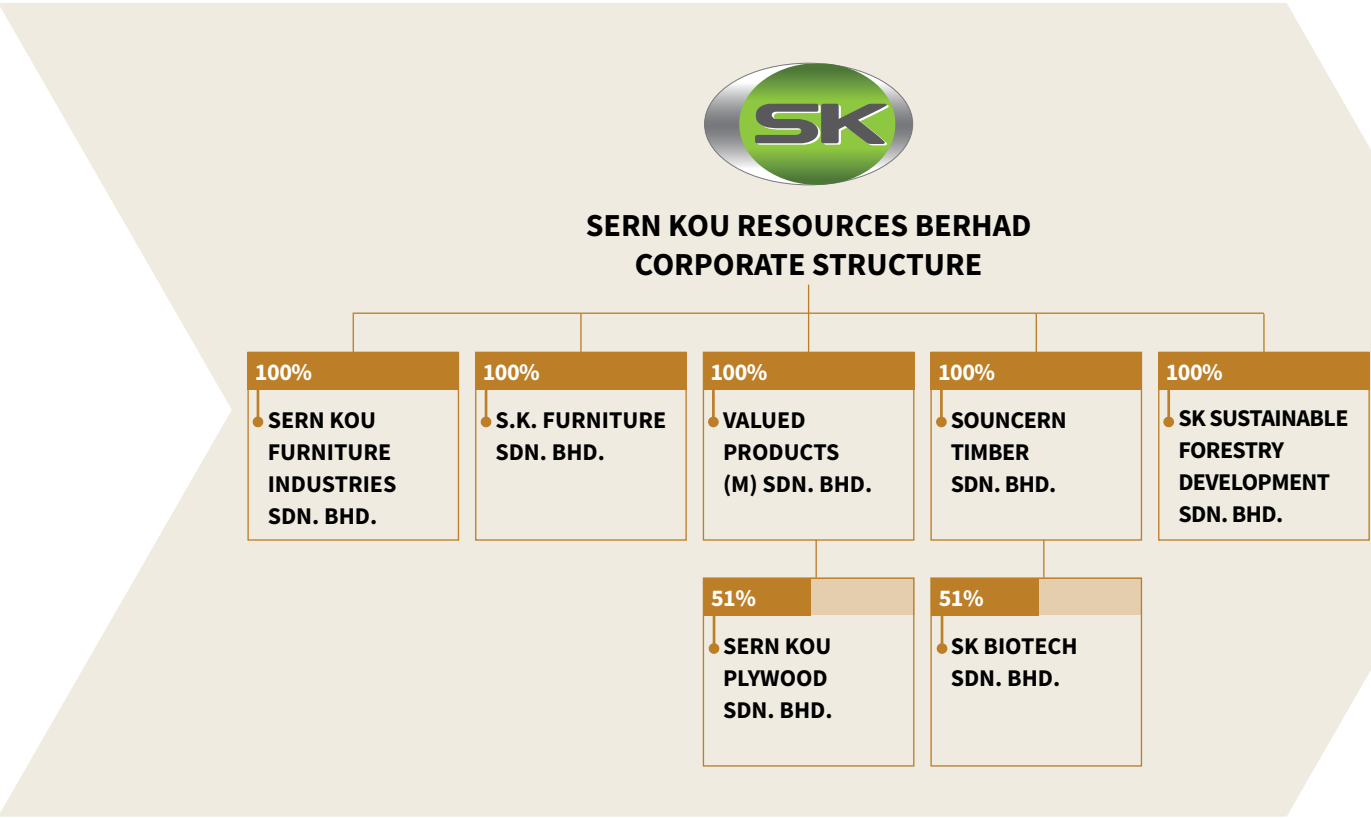
Dear Esteemed Shareholders,

“ We are pleased to share with you the Annual Report of Sern Kou Resources Berhad (“Sern Kou” or the “Group”) for the financial year ended 30 June 2025 (“FY2025”). ”

Since its establishment in 1993 as a furniture manufacturer, Sern Kou has steadily evolved into a recognised resources group with

over three decades of industry experience. The Group achieved a significant milestone in 2004 when it was listed on the Second Board of Malaysia Securities Exchange Berhad, now known as Bursa Malaysia Securities Berhad (“Bursa Securities”). Just a year later, the listing was elevated to the Main Board, today referred to as the Main Market of Bursa Securities.

In recent years, Sern Kou has strengthened its commitment to environmental sustainability. We acknowledge the vital responsibility of safeguarding the earth’s resources and are dedicated to contributing towards a sustainable future for generations to come.



BUSINESS OVERVIEW

The global economic environment remained under considerable strain during the year under review, marked by overlapping structural and policy-driven challenges. Elevated interest rates, a residual effect of earlier anti-inflationary interventions, continued to suppress household consumption and dampen investment appetite, constraining overall growth momentum across key markets.

Although the decision by the United States (“US”) Federal Reserve to reduce policy rates towards the end of 2024 initially spurred optimism

and offered some relief to capital markets and businesses, these gains were short-lived. The shift in US trade policy following the installation of a new administration in 2025 introduced reciprocal tariffs, broader export controls and tighter supply chain restrictions. These measures not only reintroduced uncertainty into the global trading system but also diluted the intended benefits of monetary easing. Taken together, these developments reinforced the fragility of the global economy, with growth prospects clouded by a combination of restrictive financial conditions, policy uncertainty and supply chain realignments.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



FY2025 REVENUE
RM486.7 million

FY2024 | RM493.8 million

On the domestic front, Malaysia's economy recorded a stronger performance in 2024, with gross domestic product ("GDP") expanding by 5.1% compared to 3.6% in the preceding year, based on data released by Bank Negara Malaysia ("BNM"). The improved outturn reflected the resilience of private consumption, ongoing capital investments and firmer external demand, particularly from the technology and travel-related segments.

Momentum carried into 2025, with GDP growth of 4.4% registered in both the first and second quarters. Growth was underpinned by sustained household spending, healthy export activity and continued expansion in private and public investment. These drivers collectively provided a buffer against global uncertainties and reinforced Malaysia's position as one of the more resilient economies in the region.

The Group was not insulated from the broader macroeconomic headwinds, and these external challenges inevitably influenced our performance during the financial year under review. In addition to global uncertainties, the operating landscape in Malaysia was also shaped by higher cost pressures. Key factors included the increase in the national minimum wage and rising utility expenses, to name a few.

For the financial year under review, Sern Kou registered a revenue of RM486.7 million. This was only slightly lower than the record RM493.8 million in the prior year. At the bottom-line, we charted improvement with loss after tax attributable to owners of the company ("net loss") narrowed to RM5.9 million versus RM13.9 million in FY2024.

Operationally, the year proved demanding as the Group had to navigate a more challenging and cost-intensive business environment. In addition, our processing and trading of wood segment was temporarily disrupted by flooding in Kelantan during the 2nd quarter of FY2025. The incident posed short-term challenges and business activities resumed promptly thereafter. On a brighter note, the new plant was completed in the financial year under review and production has since commenced.

KEY BUSINESS SEGMENTS

Manufacturing and Trading of Furniture

Sern Kou's furniture manufacturing division specialises in wooden furniture, with a primary emphasis on the production of rubberwood-based dining sets. Apart from dining furniture, we also manufacture living room furniture, bedroom furniture and casual furniture such as desks and chairs. Our manufacturing base is located in Johor, Malaysia, spanning across 8.63 acres of land. Following the fire incident in late 2022, the production facility was rebuilt and fitted with new machines, with the reconstruction completed in 2025. The division operates under both Original Design Manufacturer ("ODM") and Original Equipment Manufacturer ("OEM") models, with ODM remaining the principal revenue contributor, supported by the division's strong design capabilities and established global market presence.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Processing and Trading of Wood

The processing and trading of wood division continued to anchor the Group's revenue contribution during the financial year under review. Activities within this division cover the processing of logs through our sawmill operations and the production of plywood, alongside trading activities involving both processed and raw logs. The division also places emphasis on sustainability by incorporating recycled wood materials into production, thereby reducing waste and supporting industries such as construction.

FINANCIAL PERFORMANCE REVIEW

Five-Year Group Financial Summary

FYE June (RM'000)	FY2021	FY2022	FY2023	FY2024	FY2025
Financial Results					
Revenue	324,698	338,266	380,632	493,769	486,699
Profit/(Loss) before taxation	24,735	15,964	3,781	(12,992)	(4,762)
Profit/(Loss) after taxation	17,914	9,826	1,253	(15,227)	(6,971)
Profit/(Loss) attributable to owners of the company	17,561	9,213	1,303	(13,943)	(5,884)
Financed by					
Shareholder's fund	186,856	202,915	232,860	218,657	212,773
Net assets	188,030	204,947	236,803	221,315	214,344
Statistics					
Earnings/(Loss) per Share (sen)*	2.25	1.12	0.14	(1.29)	(0.55)
Gross Dividend per Share (sen)	–	–	–	–	–
Net Assets per Share (RM)*	0.24	0.24	0.22	0.21	0.20

* Adjusted for 2-for-1 bonus issue that was completed in June 2021.

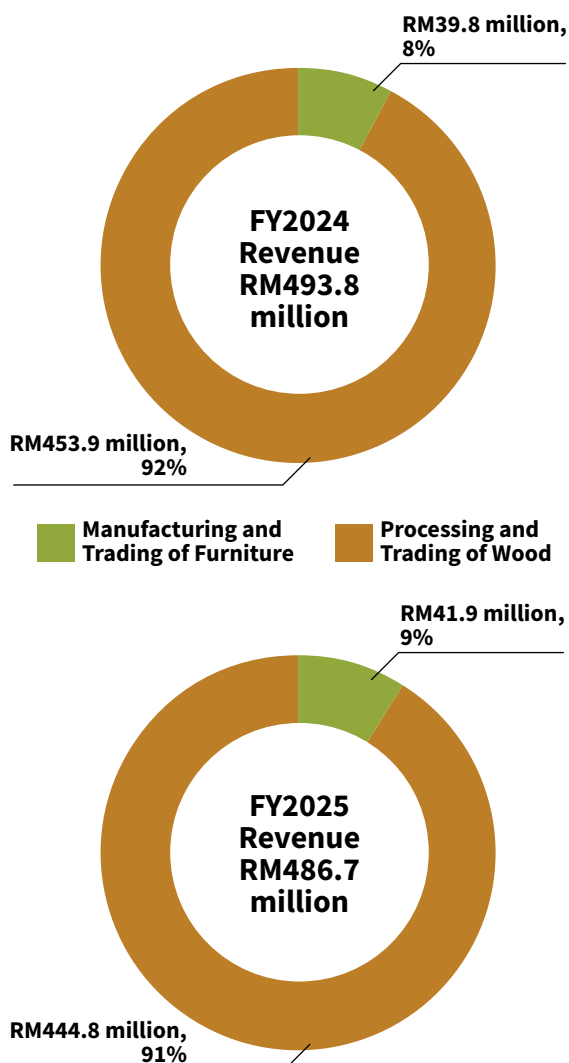
MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Revenue

For the financial year under review, the Group recorded revenue at RM486.7 million, marginally lower than the all-time high of RM493.8 million posted in FY2024. This was chiefly attributed to lower contribution from the processing and trading of wood segment resulted from the severe floods in Kelantan in the 2nd quarter of FY2025, which disrupted timber supply.

Looking at the revenue breakdown by segments, the processing and trading of wood division continued to be the primary revenue contributor, accounting for RM444.8 million or 91.4% to FY2025 total turnover. Meanwhile, the manufacturing and trading of furniture division recorded revenue of RM41.9 million or 8.6%.

Revenue Breakdown by Segment



Gross Profit ("GP")

Sern Kou registered an increase of 51.02% year-on-year ("YoY") to RM17.9 million, from RM11.8 million stemming from healthier product sales mix along with improvements from the manufacturing and trading of furniture business compared FY2024.

Bottom-Line Performance

Having said so, the bottom-line performance was impacted by the input cost pressures particularly the rise in minimum wage, EPF contributions for foreign workers and elevated logistics costs. Nevertheless, through our close cost management efforts, net loss for FY2025 narrowed to RM5.9 million vis-à-vis RM13.9 million. It is also noteworthy to mention that this included impairment loss on property, plant and equipment and right-of-use-assets amounting to RM0.9 million in FY2025 (FY2024: RM6.5 million).

Capital Structure and Capital Resources

As of 30 June 2025, the Group's total assets remained stable on a YoY basis at RM372.6 million versus RM372.7 million a year ago. As of end FY2025, total cash and bank balances stood at RM48.1 million, as compared to RM59.3 million last year.

On the other hand, total liabilities stood at RM158.3 million at the close of the financial year under review versus RM151.4 million, largely due to increase in borrowings mainly to fund the purchase of new machines. Total borrowings as of 30 June 2025 were at RM106.2 million, as compared to RM96.9 million as of end-FY2024. Meanwhile, total equity as of end-June 2025 was at RM214.3 million vis-à-vis RM221.3 million in the preceding year.

Gearing and Cash Per Share

At the close of the financial year under review, Sern Kou's gearing stands at 0.5 times with cash per share of 4.5 cent.



TOTAL ASSETS
RM372.6 million



TOTAL EQUITY
RM214.3 million

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



TOTAL LIABILITIES
RM158.3 million



TOTAL CASH AND CASH EQUIVALENT
RM48.1 million



NET OPERATING CASH FLOW
RM3.6 million



NET CASH PER SHARE
4.5 cent

ANTICIPATED OR KNOWN RISKS

Presented below are the key risk factors relevant to the Group's business. These factors may materially affect our operations, financial performance, or future prospects. The list is not exhaustive, and other risks, either presently unknown or currently deemed immaterial, may also have a significant impact on the Group.

Customer Retention Risks in a Highly Competitive Market

The global furniture industry is highly competitive and fragmented, with numerous major players offering similar product categories. This competitive landscape exerts pricing pressure, which may affect the Group's ability to secure new business at acceptable profit margins. The potential loss of one or more key customers, particularly in the US market, could have an immediate adverse impact on the Group's operational and financial performance.

To mitigate these risks, the Group leverages its strengths in innovative product design and high service quality, which serve as key differentiators in the marketplace. By maintaining close collaboration with customers and proactively addressing their needs, the Group seeks to strengthen customer's loyalty and foster long-term, sustainable business relationships.

Competition for Production and Skilled Workers

Workforce shortage and retention of skilled workers are perennial issues within the industry. This scarcity poses a risk to our production and operational efficiency, potentially impacting our financial

performance. To address this, we have been proactively integrating automation into our production processes to reduce reliance on manual labour and ensure smoother operations. For instance, we invested in new machines and equipment with greater levels of automation for our furniture manufacturing segment.

Disruption in the Supply of Raw Materials

The Group's operations are dependent on the timely supply of raw materials, particularly logs and wood, for both furniture manufacturing and the processing and trading of timber. Any delay or shortfall in availability within the supply chain may compromise our ability to meet customer requirements and, in turn, adversely impact financial performance of the Group. As part of our production and risk management framework, the Group maintains raw material buffers to mitigate temporary shortages or delivery disruptions. On that note, we maintain close communication with our suppliers, actively monitoring for any signs of interruption and carefully managing the situation to mitigate the disruption to the production operation.

Environmental Regulations

The Group operates in a regulated industry where compliance with environmental laws and standards is essential. We recognise that adherence to such requirements may result in additional costs. However, regulatory compliance remains a non-negotiable priority in safeguarding the Group's licence to operate.

Operational Disruptions

The smooth and efficient functioning of the Group's manufacturing and processing facilities is critical to sustaining business performance. Any unplanned interruptions or shutdowns could adversely affect operations and financial results. For example, the severe flood in Kelantan during the 2nd quarter of FY2025 disrupted the timber supply and affected the activities within the processing and trading of wood division.

To mitigate such risks, the Group maintains insurance coverage against fire incidents and personal accidents for employees as part of its risk management framework. Nevertheless, certain external factors remain beyond the Group's control. Natural disasters, pandemics, social unrest and general strikes represent potential risks that could materially disrupt operations and pose challenges to business continuity.

Foreign Currency Exchange Rates

The Group conducts transactions in multiple foreign currencies, including the US Dollar ("USD"). Therefore, volatility in these currencies may create financial exposure that could impact profitability. To mitigate this, the Group adopts a disciplined approach by matching foreign currency receipts with corresponding payments wherever possible. Exchange rate trends are continuously monitored, and

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



hedging arrangements are employed when deemed necessary. These practices are intended to reduce the adverse effects of currency movements and support the Group's overall financial resilience.

OUTLOOK

The global operating landscape in 2025 has become increasingly complex. Already weighed down by subdued consumer sentiment, persistent inflationary pressures and ongoing geopolitical risks, the situation was further exacerbated by the introduction of revised tariff measures. These tariffs, which affected several trading nations including Malaysia, have heightened volatility in international trade and contributed to a more uncertain economic climate. A recent ruling by the US Supreme Court on the legitimacy of certain tariff implementations has also intensified debate and added another layer of complexity to global trade dynamics.

Against this backdrop, companies worldwide, including those in Malaysia, are compelled to adjust their strategies to cushion the effects of rising trade barriers while maintaining the flexibility needed to respond swiftly to global market shifts.

At Sern Kou, we will continue to adopt a cautious stance as we move forward, with emphasis on cost efficiency improvement.

On the demand outlook, the environment remains uncertain as the tariff situation continues to weigh on market sentiment. Customers

are understandably adopting a cautious stance, which makes forward planning more complex. For Sern Kou, we are equally mindful of these challenges, but remain confident in our ability to navigate them. By staying dynamic and adaptable, we continue to strengthen our emphasis on cost efficiency while exploring additional cost control measures. These efforts not only safeguard our resilience but also position us to capture opportunities when market conditions improve.

APPRECIATION

Finally, we would like to extend our heartfelt appreciation to our team at Sern Kou for their commitment and immense contribution during these trying times. We are confident that with our collective effort, we can overcome any headwinds.

A huge thank you to all our valued customers, business partners, associates, suppliers and the respective regulatory authorities for their unwavering support to the Group. To our shareholders, our deepest gratitude goes to you for your patience throughout this difficult period, and for your confidence in us as we continue to grow our business.

To all the Board members, we would like to express our sincere appreciation for your resolute professionalism and the sheer pleasure it has been to collaborate with each of you. We are confident that with the stewardship of the Board and our team, Sern Kou will steer through the prevailing challenges towards greater heights.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Statement (“SS2025”) presents Sern Kou Resources Berhad’s (“SKRB”, “Sern Kou” or “the Group”) approach and performance in addressing material sustainability matters for the financial year from 1 July 2024 to 30 June 2025 (“FY2025”). It highlights the Group’s initiatives and progress within the Economic, Environmental, Social and Governance (“EESG”) pillars, reflecting our ongoing commitment to sustainable value creation.

Basis of Scope, Boundary and Exclusion

This SS2025 has been prepared to provide stakeholders with insight into the Group’s approach to managing material sustainability matters. It reflects how the Group’s activities influence both its long-term value

creation and the broader environmental and social landscape in which it operates. The SS2025 covers FY2025 and, where available, includes comparative historical data over a rolling three-year period to illustrate performance trends.

The scope of SS2025 includes the business activities of SKRB and its key subsidiaries, specifically:

- Sern Kou Furniture Industries Sdn. Bhd. (“SKFI”)
- S.K. Furniture Sdn. Bhd.
- Sern Kou Plywood Sdn. Bhd. (“SKPW”)
- Souncern Timber Sdn. Bhd.
- Valued Products (M) Sdn. Bhd. (“VPM”)

Reporting Frameworks and Standards

The preparation of this SS2025 is aligned with the Main Market Listing Requirements of Bursa Malaysia. In developing this SS2025, the Group has also drawn upon a range of recognised sustainability frameworks, standards and guidelines, which have informed both the structure and content of our disclosures:



Bursa Malaysia Sustainability Reporting Guide (3rd Edition)

IN ACCORDANCE



Task Force on Climate-related Financial Disclosures (“TCFD”)

IN ACCORDANCE



Global Reporting Initiative (“GRI”) 2021 (Core Option)

WITH REFERENCE



International Financial Reporting Standards (“IFRS”)

WITH REFERENCE



FTSE4Good Bursa Malaysia (“F4GBM”) Index

WITH REFERENCE



United Nations Sustainable Development Goals (“UNSDGs”)

IN ALIGNMENT



Sustainability Accounting Standards Board (“SASB”)

IN ALIGNMENT



International Sustainability Standards Boards (“ISSB”) Standards

WITH REFERENCE

SUSTAINABILITY STATEMENT (CONT'D)

The determination of disclosure content in SS2025 adheres to the GRI reporting principles. A corresponding GRI Content Index is available on the Group's Investor Relations portal.

Assurance and Feedback

The Board of Directors ("Board") and Management affirm that SS2025 presents a fair and accurate representation of the Group's performance across the EESG pillars. All information disclosed has been validated internally by the respective business units and reviewed by the Risk Management and Sustainability Committee ("RMSC") to ensure accuracy and completeness.

Financial information cited in this SS2025, which can be cross-checked against the FY2025 Financial Statements, has undergone an independent audit by the external auditors of the Company, BDO PLT. Furthermore, selected sections of SS2025 have been subject to external assurance to reinforce the reliability and credibility of the disclosures provided.

Comments or enquiries about this SS2025 are welcome. Please direct them to:

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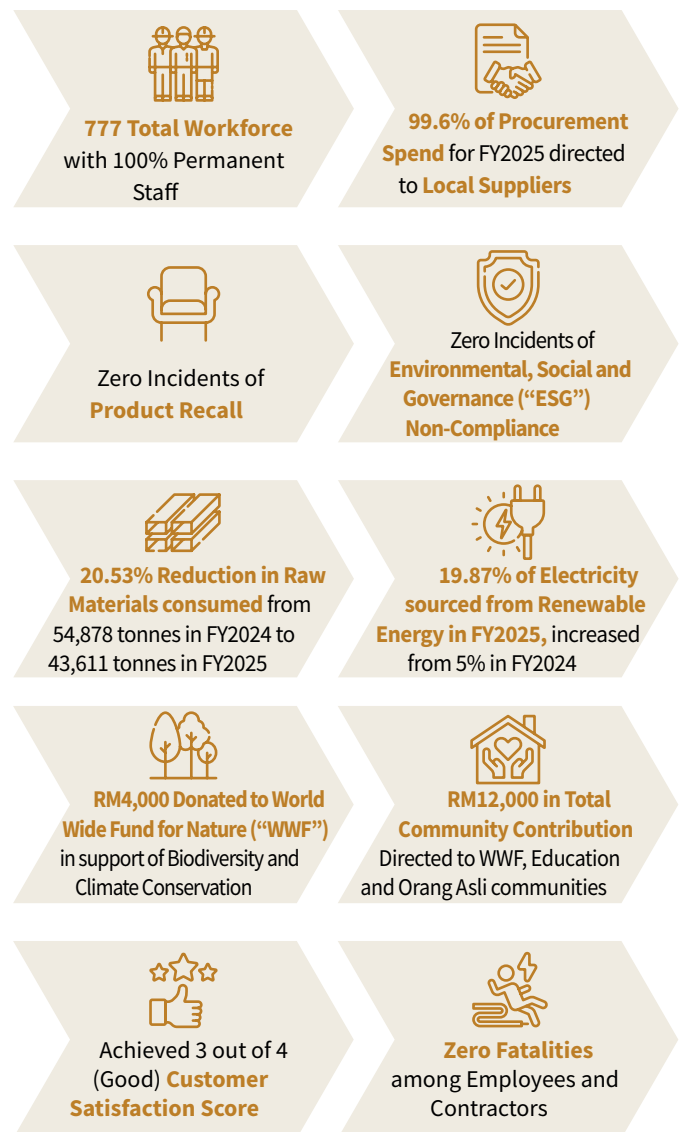
RMSC CHAIR'S MESSAGE ON SUSTAINABILITY

Dear Stakeholders,

FY2025 marked an important year in SRKB's sustainability journey as we continued to strengthen the integration of EESG considerations into our business strategy and daily operations. Building on the progress made in previous years, the Group advanced its efforts to create long-term value by embedding sustainability into decision-making, production practices and stakeholder engagement.

During the year, SKRB remained focused on managing our resources responsibly while supporting business growth and operational efficiency. Our approach reflects the belief that a company's success is defined not only by its financial performance but also its contributions to the environment, employees, customers, and the communities in which it operates. Guided by the RMSC, we continued to refine our sustainability governance, improve data accuracy and strengthen oversight to ensure progress in sustainable development.

FY2025 Sustainability Highlights



SUSTAINABILITY STATEMENT (CONT'D)



17,180.27 tonnes of Waste recycled, 95.06% of total waste generated



2,001 Total Training Hours as a Company with 17 Average Training Hours Per Employee

At the same time, we remain dedicated to reducing our carbon emissions. Through initiatives to optimise energy use and expand solar power integration, we improved our Scope 2 emissions intensity over sales by 18.6%, aligning with our sustainability targets and advancing the Group's efforts to address climate change.

In the area of community development, SKRB expanded its contributions to local communities, enhancing the positive impact in the community in which we operate. Our support to organisations such as the WWF helped to foster the protection of biodiversity and support the education of local youth. Additionally, we continued to prioritise health and safety for employees to ensure that our operations remained free of incidents and promoted a workplace environment where safety and wellbeing are paramount.

As we continue to make progress, the Group's focus on ethical business conduct and strong governance remains at the heart of our operations. We have continued to adhere to the highest standards of regulatory compliance, achieving zero incidents of ESG non-compliance during the year. Additionally, we actively enhanced our anti-corruption measures and achieved 100% of employees and 65% of vendors who acknowledged compliance with the Anti-Bribery and Anti-Corruption ("ABAC") Policy to promote an ethical culture within our organisation and supply chain.

Looking ahead, we are committed to maintaining the momentum of FY2025 and ensuring that sustainability remains at the core of our strategy. We will continue to refine our practices, track our progress and enhance the integration of sustainability goals across every aspect of our business.

SUSTAINABILITY AT SERN KOU

Since embarking on its sustainability journey in 2018, SKRB has steadily embedded sustainability considerations into its strategic decision-making and day-to-day operations. The Group is dedicated to reducing its environmental footprint and mitigating social impacts while pursuing long-term value creation for stakeholders. This commitment is reflected in the active management of key environmental aspects, including energy and water usage, raw material consumption and greenhouse gas ("GHG") emissions, supported by rigorous monitoring measures. The Group also upholds robust human rights and labour standards across its operations to ensure fair and ethical practices.

Safeguarding sustainable growth requires proactive risk management, and SKRB addresses business, operational, financial and climate-related risks through strong internal controls and governance processes. Responsible supply chain management, together with a continued focus on sustainability, enables the Group to contribute positively to society and the environment, ensuring its business remains resilient and relevant for generations to come.

Sustainability Governance Structure

To advance its sustainability commitments, SKRB has developed a well-defined governance structure that embeds EESG principles into decision-making processes across the organisation and throughout its value chain. The structure, including its reporting lines, responsibilities and composition, is set out below.

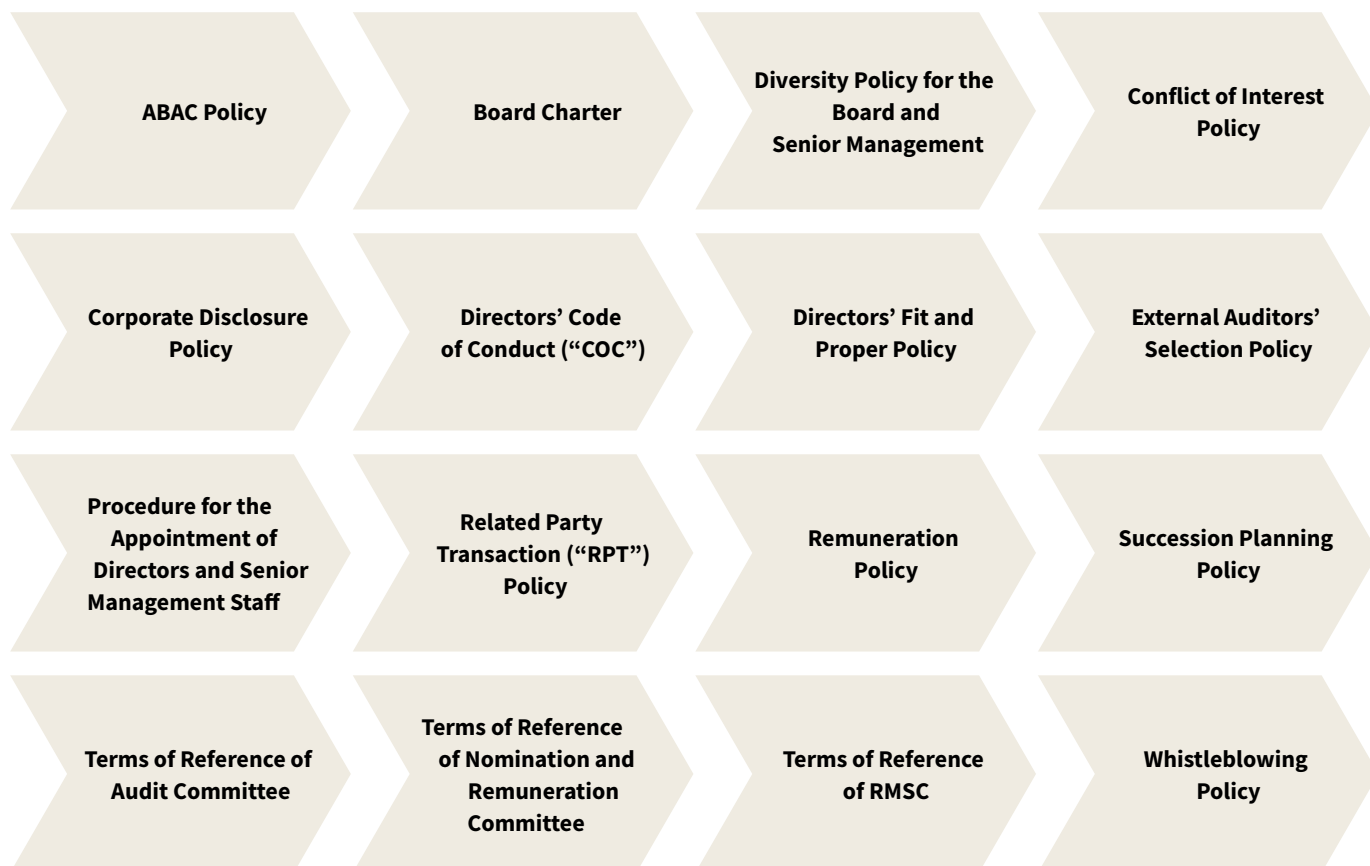


SUSTAINABILITY STATEMENT (CONT'D)

Roles	Responsibilities
Board	- Holds ultimate accountability and maintains oversight on all sustainability, ESG and climate-related risks, strategies, policies, priorities and targets. - Integrates sustainability, ESG and climate-related risks into the Company's risk management framework and evaluates its effectiveness.
RMSC	- Oversees the Group's sustainability strategy and related initiatives. - Supports the Board in sustainability and climate risk management and governance. - Monitors the implementation of sustainability governance protocols.
Internal ESG Committee	- Management of the Group's ESG strategy. - Coordinates sustainability efforts across departments and divisions. - Ensures effective execution of sustainability initiatives.
Heads of Departments and Divisions	- Implements ESG strategies within their respective areas. - Oversees the execution of sustainability initiatives in their departments.
Independent ESG Advisor	Provides guidance and expertise on best practices and industry standards in sustainability.
Independent Advisory Panel	Advises Heads of Departments on ESG initiatives within their functions.

Robust Sustainability Governance Policies

A comprehensive suite of frameworks, policies, charters, codes and terms of reference underpins SKRB's sustainability agenda, reinforcing its commitment to responsible and ethical business conduct. These instruments are assessed annually for relevance and effectiveness, with additional policies introduced when necessary to enhance the Group's governance practices.



SUSTAINABILITY STATEMENT (CONT'D)

These policies can be found at the Group's Investor Relations portal at <https://www.sernkou.com/sernkougroup/corporate-governance/>.

Board and Management Responsibility on ESG & Climate Change

The Board and Management acknowledge that ESG and climate-related risks and opportunities have a direct bearing on SKRB's financial performance, market reputation, licence to operate and ability to secure funding. As ESG and climate considerations continue to influence investment and lending decisions, the Board and Management maintain a proactive approach to strategic oversight in this area.

To remain well-informed, they participate in regular ESG-focused briefings and training programmes, enabling them to keep pace with developments in sustainability and assess their implications for SKRB's business strategy and long-term outlook. ESG and climate considerations are embedded into deliberations on the Group's strategic plans, operational priorities and allocation of resources.

Stakeholder Engagement

For SKRB, stakeholders include all individuals and entities whose decisions influence, or are influenced by, the Group's operations. To manage these relationships effectively, SKRB adopts a structured stakeholder engagement approach, leveraging multiple communication channels to identify, assess, and respond to stakeholder needs and expectations. The following summary outlines the Group's approach to stakeholder management, which remains consistent with the previous year's framework.

In FY2025, SKRB continued to strengthen its alignment with Practices 4.1 to 4.5 of the Malaysian Code on Corporate Governance ("MCCG") 2021 by maintaining its adoption of ESG Key Performance Indicators ("KPIs") and targets to effectively manage and track sustainability performance. The Group is also assessing mechanisms to integrate performance against these ESG targets into the remuneration framework for Senior Management and the Board.

STAKEHOLDER & MATERIALITY

SKRB's sustainability strategy is built on the principle that stakeholder and environmental considerations are inseparable from business success. The Group is committed to maintaining open and continuous communication with its stakeholders to better understand mutual impacts. This engagement process enables SKRB to determine and act on the most material ESG issues in a way that supports both stakeholder interests and the Group's long-term objectives.

Stakeholder (Priority: Management Approach)	Engagement Channels	Engagement Frequency	Areas of Concern & Material Topics	Relevant KPIs
Customers <i>Critical: Manage Closely</i>	Regular visits	Ongoing	- Product Safety and Quality - Product and Brand Appeal - Ethical Business Conduct - Regulatory Compliance - Occupational Safety and Health ("OSH")	- Sales & service retention - Customer satisfaction score - Complaints received
	Compliance audit	Ongoing		
	Customer survey	Ongoing		
	Meeting	Ongoing		
	Exhibition	Ongoing		
Shareholders and Investors <i>Critical: Manage Closely</i>	Annual/Extraordinary General Meetings	Yearly/ Ad-Hoc	- Economic Profitability - Market Access and Access to Financing - Financial and ESG Risks Management - ABAC - Regulatory Compliance	- Share price performance - Return on equity - Shareholder voting outcome
	Company website	Ongoing		
	Quarterly Result/ Announcement	Quarterly/ Ongoing		
	Annual report	Yearly		
Employees <i>Very High: Keep Satisfied</i>	Appraisals	Yearly	- COVID-19 Pandemic - OSH - Talent Management	- Employee hiring and turnover - Employee engagement and satisfaction levels - OSH performance
	Staff orientation	Ongoing		
	Open communication	Ongoing		
	Meetings	Ongoing		

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder (Priority: Management Approach)	Engagement Channels	Engagement Frequency	Areas of Concern & Material Topics	Relevant KPIs
Government and Regulatory Bodies <i>High:</i> Keep Informed	Correspondences	Ongoing	- Financial and ESG Risks Management - Regulatory Compliance - Market Access and Access to Financing - COVID-19 Pandemic - Community Development	- Incidence of regulatory non-compliance - Fines, penalties or warnings received
	Audit/inspection	Ongoing		
	Training programmes and dialogues	Ongoing		
	Annual report	Yearly		
Vendors/Suppliers <i>High:</i> Keep Informed	Regular visits	Ongoing	- Operational Efficiency and Productivity - Resource Stewardship - Regulatory Compliance	- Procurement spend - Tender assessment - Compliance with SKRB's environmental and social policies
	Correspondences	Ongoing		
	Supplier evaluation & appraisal	Ongoing		
	Meeting and trade fairs	Ongoing		
Media <i>Medium:</i> Monitor	Corporate website	Ongoing	- Climate Change - Product and Brand Appeal - Economic Profitability	- Media coverage of products & services - Analyst coverage of SKRB's fiscal & share price performance
	Announcements & press releases	Ad-Hoc		
	Media briefings & media interviews	Ad-Hoc		
	Product launches and corporate events	Ad-Hoc		
Community/Public <i>Medium:</i> Monitor	Corporate website	Ongoing	- Community Development - Resource Stewardship - Energy Consumption - Water Consumption - Waste Management and Recycling - OSH	- Quantum of community contributions and number of beneficiaries - Environmental performance indicators
	Social media	Ongoing		
	Community development programmes	Ad-Hoc		
NGOs and Opinion Leaders <i>Medium:</i> Monitor	Corporate website	Ongoing	- Climate Change - ABAC - Regulatory Compliance - Product Safety and Quality	Environmental performance indicators
	Annual report	Yearly		
	Social media	Ongoing		
	Correspondence & dialogue	Ad-Hoc		

TRADE MEMBERSHIP AND ENGAGEMENTS

By engaging with relevant professional organisations and industry associations, SKRB stays connected to evolving market trends while contributing to the broader sustainability agenda. Engagement through these platforms enables the Group to exchange knowledge, foster innovation and contribute to climate action efforts alongside industry peers.

The Group is committed to aligning its climate-related commitments with the positions of the trade associations it joins and will address any material misalignments where an association's stance falls short of SKRB's own standards.

SUSTAINABILITY STATEMENT (CONT'D)

Associations	SKRB's Membership and Contribution
Muar Furniture Association ("MFA")	Since joining the MFA in May 1997, SKRB's subsidiary SKFI has maintained an active role in supporting its programmes. The Group contributes to initiatives aimed at raising craftsmanship quality and promoting excellence within the Muar furniture industry.
Malaysian Furniture Council ("MFC")	Since becoming a member of the MFC in June 2008, SKFI, a subsidiary of SKRB, has supported initiatives to strengthen the national furniture industry. The Group shares expertise in sustainability and manufacturing excellence to help boost Malaysia's global competitiveness.
The Timber Exporter's Association of Malaysia ("TEAM")	As a member of the TEAM since January 2002, VPM, a subsidiary of SKRB, actively supports the promotion of sustainable timber trade. This includes involvement in recent initiatives to strengthen ties with Vietnam's timber industry.
Malaysian Timber Industry Board ("MTIB")	VPM and SKFI, subsidiaries of SKRB, have been members of the MTIB since January 2011 and March 2022 respectively. Through this affiliation, the Group supports MTIB's mission to advance sustainable forest management and responsible timber practices, contributing to Malaysia's national sustainability objectives.

Material Matters

The material matters are important to the Group to identify the issues and concerns that have the greatest impact on SKRB's business and stakeholder. Accordingly, SKRB commits to performing a full-scale materiality assessment every 3 to 5 years, supplemented by a limited-scale desktop review during the intervening years, to ensure its sustainability priorities stay aligned with changing stakeholder expectations and business needs.

MATERIALITY ASSESSMENT PROCESS

Step 1: Determining Scope of Assessment

A comprehensive gap analysis with peer comparison was conducted to determine the reporting gaps of SKRB, taking into consideration as well the emerging risks and trends of the operating landscape to determine the scope of the assessment.



Step 2: Identification and Categorisation of Topics

A list of 22 sustainability topics for assessment was derived from SKRB's previously identified material topics, its operating environment, stakeholder concerns and the recommendations from the reporting frameworks referenced and the gap analysis conducted. The topics were then categorised into the following pillars:

Economic Topics

(factors responsible for the company's financial performance)

- Economic Profitability
- Operational Cost Efficiency and Productivity
- Technology and Innovation
- Product Safety and Quality
- Product/Brand Appeal
- Access to Financing
- Market Access

Environmental Topics

(factors relating to the efficient use of natural resources and environmental responsibility)

- Resource Stewardship
- Climate change (Emissions)
- Energy Consumption
- Water Consumption
- Waste Management and Recycling
- Environmental Compliance
- Biodiversity

Environmental Topics

(factors relevant to people's safety, health and mental wellbeing and employee matters)

- Covid-19
- OHS
- Talent Management
- Community Development

Environmental Topics

(ways of working encompassing corporate behaviour, mitigation of risks and adherence to existing regulations)

- Ethical Business Conduct
- Anti-Corruption
- Financial and ESG Risks Management
- Regulatory Compliance

SUSTAINABILITY STATEMENT (CONT'D)

Step 3: Materiality Assessment Survey

An online materiality assessment survey was held in March 2022, where opinions from the Board, Management staff and the employees of SKRB were gathered to rank and rate the identified topic's impact to its business (in consideration of the company's purpose, vision and mission and issues that can affect its ability to achieve its intended business goals and outcomes), and importance to stakeholders. A total of 40 responses were collected.



Step 4: Materiality Analysis and Prioritisation

The feedback gathered from the survey was tabulated by the external sustainability consultants. Using best practices in statistical analysis with different weightage scores for different respondents' feedback for stronger validity of the results, the topics were plotted on a matrix to determine their relative priority to the sustainability of SKRB.



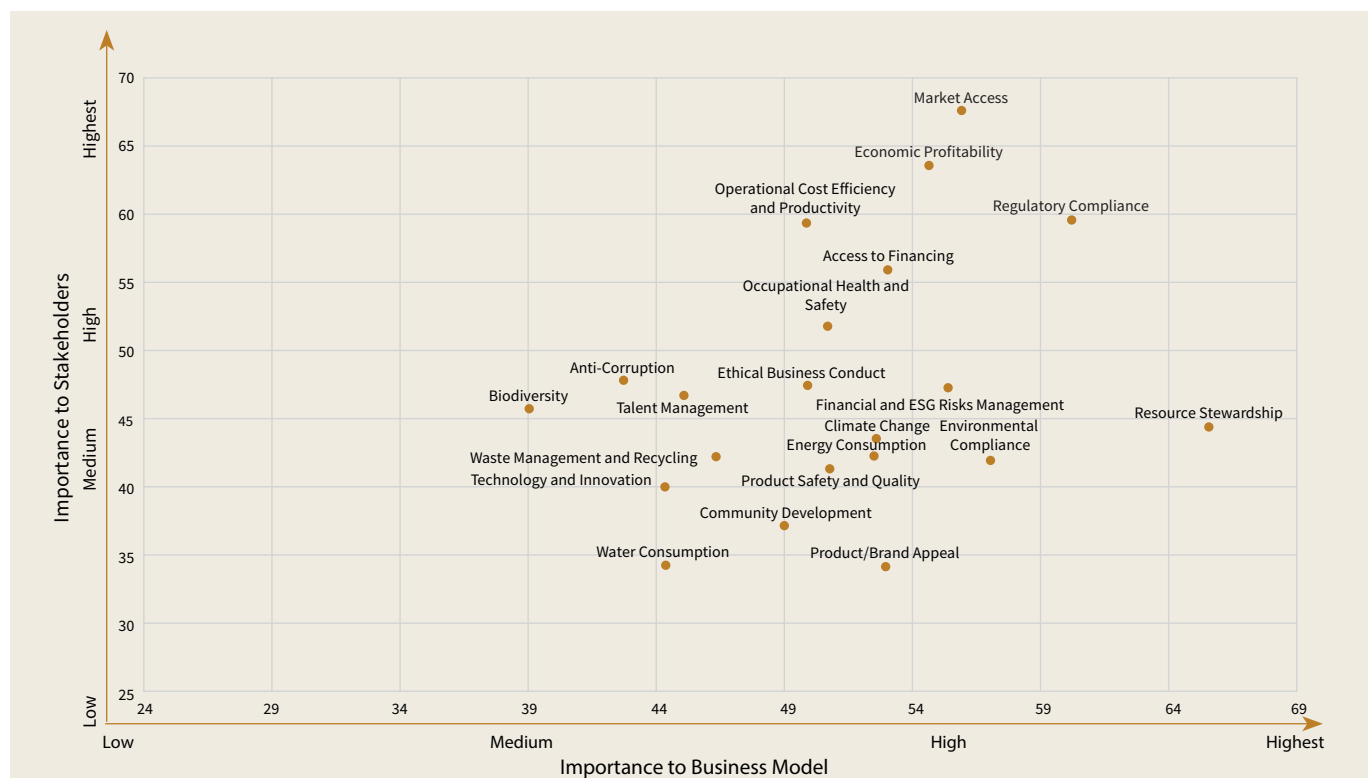
Step 5: Validation and Endorsement of Materiality Matrix

The materiality matrix and additional findings from the materiality assessment survey were presented to the Board and Senior Management for validation on 15 April 2022.

A limited desktop review of the material matters was undertaken during the Sustainability Statement for the FY 2023 report preparation process, upon which the materiality matrix was updated to consolidate the "Covid-19" topic under "Occupational Health and Safety."

Under the advice of the external ESG consultant, the Board and Senior Management of SKRB have confirmed the continued relevance of the resulting materiality matrix from SS2023. The following materiality matrix was adopted by the RMSC on 17 October 2024.

MATERIALITY MATRIX



SUSTAINABILITY STATEMENT (CONT'D)

ESG FRAMEWORK

SKRB's ESG Framework serves as a foundation in advancing our commitment to ethical, transparent and sustainable business operations. By adopting best practices from globally acknowledged sustainability standards, the framework emphasises the importance of governance structure as the foundation for integrating EESG priorities. Through this comprehensive approach, SKRB seeks to proactively address emerging risks and opportunities, ensuring that sustainability is both a strategic driver and a source of lasting value for the Group and all those connected to our business.



SERN KOU RESOURCES BERHAD

OUR SUSTAINABILITY AGENDA

Achieve sustainable value creation through responsible production of quality furniture and wood products in adherence to:

Our 4 Sustainability Commitments and responsible management of identified Material Matters



Deliver
ECONOMIC
Value



Economic Profitability
Operational Cost Efficiency and Productivity
Technology and Innovation
Product Safety and Quality
Product/Brand Appeal
Access to Financing
Market Access



Minimise
ENVIRONMENTAL
Impact



Resource Stewardship
Climate Change (Emissions)
Energy Consumption
Water Consumption
Waste Management and Recycling
Environmental Compliance
Biodiversity



Foster
SOCIAL
Inclusivity



Occupational Health and Safety
Talent Management
Community Development



Uphold
GOVERNANCE
Standards



Ethical Business Conduct
Anti-Corruption
Financial and ESG Risk Management
Regulatory Compliance

In Alignment with ESG Standards & Frameworks



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



SUSTAINABLE
DEVELOPMENT
GOALS



To Address the Needs and Concerns of our Stakeholders

Customers | Shareholders & Investors | Employees | Government & Regulatory Bodies | Vendors & Suppliers | Media | Community & Public | NGOs & Opinion Leaders

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Scorecard

To ensure the effective management of the Group's identified material sustainability matters, SKRB has developed a set of ESG KPIs and targets aligned with its sustainability agenda. These targets, designed to drive continuous improvement and accountability, were approved by the Board in FY2024.

Material Topic	KPI	Target	Progress/Performance
Technology and Innovation	Implementation of SAP	100% by FY2025	Achieved.
Product Safety and Quality	Product Recall Rate	Zero incidents per annum	Achieved.
	Product Defect Rate	Less than 10 defect incidents per annum	Achieved with only 1 defect incident in FY2025.
ISO9001:2015 Certification	Annual Compliance	Achieved compliance as per the audit conducted in April 2025	Achieved and verified.
Product/Brand Appeal	Customer Satisfaction Levels	4 out of 4 per annum	Partial achievement. 3 out of 4 customer satisfaction score in FY2025.
	Customer Complaint Response Rate	100% of customer complaints received and responded within 3 working days	Achieved with only 1 customer complaint being received and resolved within 1 working day in FY2025.
Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% reduction in FY2025 against FY2024's baseline	Achieved. SKRB recorded a total of 529.82 tCO ₂ e of Scope 1 emissions from the consumption of 196,250 litres of diesel, representing a 20% increase in absolute emissions compared to FY2024. However, Scope 1 emissions intensity over sales decreased significantly by 16.8%, from 1.31 to 1.09 tCO ₂ e per RM million sales.
	Scope 2 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% reduction in FY2025 against FY2024's baseline	Achieved. SKRB recorded 2,470.21 tCO ₂ e of Scope 2 emissions from 4,483,147 kWh of grid electricity consumed, a 17% increase in absolute emissions compared to FY2024. Despite this, Scope 2 emissions intensity over sales improved significantly, decreasing from 6.24 to 5.08 tCO ₂ e per RM million sales (an 18.6% reduction), far exceeding the 2% reduction target.
	Total Scopes 1 & 2 Carbon Emissions Intensity over Sales (tCO ₂ e/RM'mil)	5% reduction in FY2025 against FY2024's baseline	Achieved. SKRB recorded 3,000.03 tCO ₂ e in combined Scopes 1 & 2 emissions, a 17.48% increase in absolute emissions from FY2024 (2,553.64 tCO ₂ e). Despite this increase, the Group's Scopes 1 & 2 emissions intensity over sales reduced significantly by 18.41%, declining from 7.55 to 6.16 tCO ₂ e/RM'mil.
Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	2 out of 7 business units adopt solar power by FY2025	Achieved. 2 out of 7 Business Units have commenced using solar generated energy.
	Progressive Adoption of Renewable Energy ("RE")	8% RE Adoption for electricity in Group Operations by FY2025; 40% RE by FY2030	Achieved with 19.87% of electricity consumed in FY2025 from renewable sources. On track towards long-term target of 40% RE adoption by FY2030.
Water Consumption	Water Consumption Intensity over Total Operational Area (m ³ /sqft)	3.5% Reduction by FY2030 against FY2023's baseline	Water intensity reduced by 3.7% in FY2025 against the baseline with a total of 27,422 m ³ water consumed over 749,199 sqft of total operational area. On track towards achievement.
	Effluent discharge and water pollution non-compliance	Zero incidents per annum Zero fines per annum	Achieved. Achieved.

SUSTAINABILITY STATEMENT (CONT'D)

Material Topic	KPI	Target	Progress/Performance
Waste Management and Recycling	Recycled/Repurposed Waste	100% waste diverted from disposal per annum	Achieved with 18,072 tonnes of waste generated and diverted from disposal.
Environmental and Social Compliance	Incidents of legal non-compliance on environmental pollution leading to fines or non-monetary action from authorities	Zero incidents per annum	Achieved.
	Major and minor spills and air pollution incidents	Zero incidents per annum	Achieved.
	Substantiated complaints related to environmental pollution from neighbouring communities	Zero complaints per annum	Achieved.
	Substantiated cases of human rights violation (including child labour and forced labour)	Zero cases per annum	Achieved.
Occupational Health and Safety	Number of Fatalities	Zero fatalities per annum	Achieved.
	Number of Lost Time Injury ("LTI")	Less than 5 LTI incidents in FY2025	Partially achieved with a total of 9 LTI incidents recorded in FY2025.
Talent Management	Employee Training Hours	At least 25 training hours per employee on average annually	Partially achieved with a total of 17 training hours per employee on average in FY2025.
	Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	Achieved with women representing 36.36% of managerial staff and 74.19% of executive staff in FY2025.
Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM12,000 in FY2025	Achieved with a total contribution of RM17,511 in FY2025.
	Employee Volunteerism	60 hours of volunteering hours in FY2025	Achieved with total employee time spent on community impact programmes recorded as 62 hours.
Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	Achieved.
	Employee Acknowledgement of ABAC Policy	100% by FY2025	Achieved.
	Vendor Acknowledgement of ABAC Policy	60% by FY2025	Achieved with 207 out of 318 (65%) vendors that have acknowledged compliance with ABAC Policy.
Financial and ESG Risk Management	Risk Assessment and Review Conducted at the Group Level	Annual compliance	Achieved. Risk assessment conducted in November 2024.
Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	Achieved.

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLD GOVERNANCE STANDARDS

Strong governance is the foundation of SKRB's ability to deliver long-term value to its shareholders and stakeholders. The Group is committed to upholding the highest standards of integrity, transparency and accountability in all aspects of its operations. SKRB also places strong emphasis on ESG-related governance, integrating sustainability considerations into decision-making, and managing climate-related and socio-economic risks. Continuous improvement in corporate governance, data privacy, market access integrity and fair marketplace practices further reinforces the Group's business conduct.

Material Topics:



UNSDG Alignment:

Goal 16: Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Ethical Business Conduct

SKRB's COC underpins the Group's commitment to ethical business practices, setting clear expectations for integrity, professionalism and accountability across all operations. It applies to the Board, Management, employees, suppliers and business partners, ensuring that consistent standards of behaviour are upheld by both internal and external stakeholders.

The COC is supported by governance policies such as the Director's Fit and Proper Policy and the RPT Policy, which address potential conflicts of interest, transparency in decision-making and procedures for reporting misconduct.

The Group promotes a culture of openness by encouraging employees to report concerns about potential breaches of the COC, with the assurance that all reports are investigated promptly, confidentially and impartially and without retaliation. The Board monitors compliance, ensuring that investigations are conducted with professionalism and transparency. Officers are required to fully cooperate with these investigations and any resulting corrective actions. In instances where external investigations are necessary, officers are expected to cooperate fully and avoid interfering with any lawful inquiry.

In FY2025, there were zero substantiated claims or incidents of non-compliance with the COC. The COC is reviewed periodically to ensure it remains relevant, effective and responsive to emerging ethical issues.

SUSTAINABILITY STATEMENT (CONT'D)

BOARD COMPOSITION AND INTEGRITY

The Board serves as SKRB's highest governing body, providing strategic oversight and ensuring that the Group operates with corporate governance and integrity. Key governance measures undertaken are outlined below:

	Appointed a separate Independent Non-Executive Director as Chairman to lead the Board, who is not the Chief Executive Officer ("CEO") or Managing Director ("MD") of the Group.
	Appointed an Independent Non-Executive Director who is a member of the Malaysian Institute of Accountants as the Chair of the Audit Committee.
	Appointed a fully non-executive Audit Committee ("AC") with all independent members, and a Nomination and Remuneration Committee with a majority of independent non-executive members.
	Ensured Directors who have an interest in a transaction abstain from deliberation and voting on the relevant resolution.
	Ensured that the Board reviews conflicts of interest and Related Party Transactions on a quarterly basis.
	Guaranteeing shareholders right to vote on Director appointment, dismissal and fees in the Company Constitution.
	Ensured that the Company's sustainability strategies, priorities and performance are communicated to its internal and external stakeholders.

SKRB maintains a diverse and skilled Board, comprising members with finance, legal, industry-specific knowledge and sustainability expertise, ensuring the Board's ability to navigate complex business challenges. The Board is committed to maintaining at least 30% women representation annually, supporting its focus on gender diversity. The Board is also dedicated to understanding and staying abreast with sustainability issues relevant to the Company and its stakeholders, including climate-related risks and opportunities.

The Board comprises individuals with diverse professional backgrounds, including finance, law, industry-specific expertise and sustainability knowledge, enabling a comprehensive oversight and informed decision-making. This diversity of skills equips the Board to address complex challenges and guide the Group through evolving business landscapes.

Skills and Experience	Number of Directors
Accounting and Financial Expertise	5
Operational and Industry Knowledge	1
Risk Management & Compliance	1
Legal Expertise	1

Gender diversity remains an important aspect of Board composition, with the Board committed to maintaining a minimum of 30% women representation each year. In FY2025, women accounted for 37.5% of Board members. The Board also remains engaged in strengthening its knowledge of sustainability issues relevant to the Group and its stakeholders, including climate-related risks, opportunities and mitigation measures.

Descriptions	FY2023	FY2024	FY2025
Number of Board of Directors	8	8	8
Number of Independent Directors on the Board	4	4	4
Number of Women on the Board	3	3	3
% of Independent Directors on the Board	50.0%	50.0%	50.0%
% of Women on the Board	37.5%	37.5%	37.5%

Information on Directors' qualifications, expertise, other directorships held and Board and Committee Meeting attendance are disclosed in the Directors' Profile and Corporate Governance Overview Statement section of this annual report.

FAIR MARKETPLACE PRACTICES

SKRB is committed to responsible procurement, prioritising fairness, transparency and the support of local vendors in Malaysia. This commitment not only fosters long-term partnerships with suppliers but also contributes to local economic development.

Local Procurement Data	FY2023	FY2024	FY2025
Total Procurement Spend (RM'000)	330,755.8	436,182.4	428,215.8
Total Local Procurement Spend (RM'000)	329,069.2	435,836.0	426,494.5
Percentage of Local Procurement Spend	99.49%	99.92%	99.60%
Total Number of Suppliers	302	272	318
Total Number of Local Suppliers	295	269	311
Percentage of Local Suppliers	97.68%	98.90%	97.80%

SUSTAINABILITY STATEMENT (CONT'D)

Supplier Performance*	FY2021	FY2022	FY2023	FY2024	FY2025
Reliable	25	25	25	25	25
Acceptable	0	0	0	0	0
Unreliable	0	0	0	0	0
Total Number of Suppliers	25	25	25	25	25

* Annual assessment is performed on 25 selected suppliers.

Looking ahead, SKRB intends to strengthen the Group's supply chain management further to incorporate additional evaluation criteria that consider their alignment with social and environmental factors.

SKRB'S SUPPLIER AND SOURCING COMMITMENT STATEMENT

SKRB remains committed to upholding stringent environmental and social standards across its supply chain in adherence to the following key commitments:

• Environmental Issues: Proactively addressing environmental concerns and reducing the supply chain's impact.	• Child Labour Prevention: Prohibiting child labour across the supply chain.
• Energy Use: Reducing energy consumption, enhancing energy efficiency and promoting RE use.	• Forced Labour Prevention: Ensuring all work is voluntary and preventing forced or compulsory labour.
• Climate Change: Reducing carbon footprint and GHG emissions.	• Non-Discrimination and Equal Opportunities: Fostering diversity, inclusion and equality for all employees, workers and suppliers.
• Water Use: Implementing water conservation measures to ensure sustainable water use.	• Freedom of Association and Collective Bargaining: Upholding universal rights to freedom of association, union establishment and collective bargaining.
• Biodiversity: Protecting ecosystems by avoiding harmful practices and promoting habitat conservation.	• Working Hours: Eliminating or reducing excessive working hours and ensuring fair working conditions.
• Resource Use: Ensuring responsible sourcing and sustainable resource utilisation.	• Minimum Wage: Guaranteeing a minimum or living wage to meet employees' basic needs.
• Waste Management: Prioritising waste reduction, reuse and recycling to support a circular economy.	• Health and Safety Standards: Maintaining high safety standards to protect employee wellbeing across the supply chain.
• Pollution: Preventing pollution through rigorous waste management and emission control.	

Anti-Corruption

SKRB upholds a zero-tolerance stance on all forms of bribery and corruption. This commitment is articulated in the Group's ABAC Policy, originally implemented on 27 May 2020 and revised on 21 February 2025, in alignment with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018. The ABAC Policy provides a clear definition of corrupt actions and comprehensively addresses areas such as bribery, facilitation payments, the giving and receiving of gifts and hospitality, anti-money laundering and anti-terrorism financing, political contributions, as well as other donations and sponsorships. It strictly prohibits such activities and behaviour at all levels of the Group, including in dealings with external, involving agents, employees, and vendors.

Compliance with the ABAC Policy is mandatory for all Directors, employees and intermediaries. Any non-compliance may result in penalties and disciplinary measures including termination of employment and legal action.

SUSTAINABILITY STATEMENT (CONT'D)

The Board as the highest governing body, is responsible for overseeing the implementation of the ABAC Policy across the Group. To strengthen awareness, SKRB conducts ABAC training for all personnel once every three years, with the most recent session held in FY2023. The training covered the Group's comprehensive position and procedures on ABAC. Ongoing refresher training and regular reminders are provided to existing employees, while induction training on the ABAC Policy is mandatory for all new employees and Directors to enhance the communication of ABAC policy throughout the Group.

SKRB introduced a requirement for third-party vendors to acknowledge compliance with the Group's ABAC Policy in FY2024, with a target of 20% vendor acknowledgement and a progressive goal of 100% compliance. Following this initiative, in FY2025, the Group achieved an acknowledgement rate of 65% from its vendors. In parallel, the Group is developing due diligence procedures to assess bribery and corruption risks during the tender process for new business partners.

SKRB has not made any political contributions in FY2025. Detailed information on SKRB's Anti-Corruption performance is provided in the table below:

Anti-Corruption Data	FY2023	FY2024	FY2025
Total number of operations assessed for risks related to corruption	0	0	0
Percentage of operations assessed for risks related to types of corruption	0	0	0
Number of corruption risk assessments based on types of corruption, including bribery	0	0	0
Significant risks related to corruption identified through the risk assessment	0	0	0
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to by employee category:			
i) Directors	50%	100%	100%
ii) Managerial staff	10%	100%	100%
iii) Executive staff	52%	100%	100%
iv) Operational staff	1%	100%	100%
Number and Percentage of business partners that has acknowledged compliance with the organisation's anti-corruption policies and procedures	0 (0%)	112 (41%)	207 (65%)
Percentage of directors who have received training on anti-corruption	100%	100%	100%
Number and percentage of employees that have received training on anti- corruption by employee category*:			
i) Managerial staff	2 of 20 (10%)	0 (0%)	22 of 22 (100%)
ii) Executive staff	14 of 27 (52%)	0 (0%)	31 of 31 (100%)
iii) Operational staff	8 of 624 (1%)	0 (0%)	724 of 724 (100%)
iv) Total Employees	24 of 671 (4%)	0 (0%)	777 of 777 (100%)
Number of hours of training on anti-corruption:			
i) Directors	8	0	4
ii) Managerial staff	4	0	4
iii) Executive staff	28	0	4
iv) Operational staff	16	0	4
Total training hours	64	0	16

SUSTAINABILITY STATEMENT (CONT'D)

Anti-Corruption Data	FY2023	FY2024	FY2025
Total number of confirmed incidents of corruption	0	0	0
Nature of confirmed incidents of corruption	-	-	-
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption	0	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0	0
Cost of fines, penalties or settlements in relation to corruption	0	0	0
Total amount of political contribution (RM)	0	0	0

*Note: *Anti-corruption training is provided to all staff at least once every three years. The Group is in the process of establishing a mechanism to provide training and assessment on anti-corruption for all staff on an annual basis.*

SKRB's ABAC Policy can be found at the Group's Investor Relations portal at <https://www.sernkou.com/sernkougroup/corporate-governance/>.

WHISTLEBLOWING

To uphold ethical behaviour and transparency, SKRB has established a whistleblowing channel supported by a comprehensive Whistleblowing Policy. This channel allows both internal and external stakeholders to report any improper conduct and illegal activities in the Group confidentially and in good faith, without fear of retaliation. This includes all forms of corruption, potential non-compliance with company policy, as well as bullying and/or harassment.

The AC oversees the whistleblowing process, ensuring that all reports are thoroughly investigated, and appropriate actions are taken that reflect the gravity of the transgressions. In FY2025, no reports were received through the whistleblowing channel.

Financial and ESG Risk Management

The Board of SKRB, through the RMSC, upholds its fiduciary duty to safeguard the Group's profitability by efficiently managing both financial and ESG risks, including those related to climate change. These risks, including those related to climate change, can significantly influence the Group's operational resilience and ability to generate sustainable returns.

SKRB conducts an annual materiality assessment, which identifies, evaluates and prioritises material ESG topics. This process ensures the Group remains responsive to and effectively manages emerging risks and opportunities, particularly climate-related issues such as physical risks and transition risks.

The Group engages an outsourced Internal Auditor to conduct comprehensive risk assessments and reviews at the Group level. To preserve independence and objectivity, proposals from new audit firms are invited at least once every five years. The Group Risk Register is actively maintained and periodically updated to incorporate new ESG-related risks.

SKRB recognises that climate-related and socio-economic risks are increasingly factored into investor, lender and insurer decision-making. While the financial impacts of climate change are not yet fully embedded into the Group's budget planning, progress is underway towards integration. This includes aligning disclosures with the TCFD frameworks and transitioning to the IFRS S1 and S2 standards issued by the ISSB. These frameworks will enable SKRB to provide consistent and comparable information to the capital markets.

SUSTAINABILITY STATEMENT (CONT'D)

The Group is also committed to progressively enhancing the depth, accuracy and transparency of its disclosures across EESG dimensions, incorporating more granular data each year to build stakeholder confidence and reinforce its position as a responsible and resilient business in the global market.

Further details on the Group's internal control measures can be found in the Statement on Risk Management and Internal Control section of this Annual Report.

ESG RISKS AND OPPORTUNITIES

In alignment with IFRS S1 adoption, SKRB has included an ESG Risks and Opportunities table in this section, providing comprehensive insight into how these factors impact the Group.

Material Matters	Risks	Opportunities	Capitals Impacted
ECONOMIC			
Economic Profitability	Poor management of profitability could lead to reduced financial resilience and the inability to meet shareholder expectations, limiting SKRB's ability to invest in growth.	Effective management of profitability ensures financial stability, enabling SKRB to reinvest in its operations and capture new growth opportunities.	
Operational Cost Efficiency and Productivity	Inefficient operations could lead to higher costs and lower productivity, reducing competitiveness and profit margins.	Proactively optimising operational processes can drive cost savings and increase productivity, leading to better financial performance and competitive advantage.	
Technology and Innovation	Failing to adopt new technologies could result in outdated processes and reduced market relevance, limiting growth.	Leveraging innovation and advanced technologies can improve operational efficiency, reduce costs and open up new market opportunities through enhanced products.	
Product Safety and Quality	Poor product quality or safety standards could lead to recalls, legal penalties and damage to SKRB's brand reputation.	Maintaining high product safety and quality standards can strengthen brand loyalty, drive customer satisfaction and increase market share.	
Product/Brand Appeal	A lack of differentiation or market relevance could result in diminished brand value and customer attrition.	Enhancing product and brand appeal through innovation and quality can attract new customers, increase sales and build long-term brand equity.	
Access to Financing	Inadequate financial management or weak ESG performance could limit access to capital or increase the cost of borrowing.	Strong financial management and alignment with ESG principles can open up access to green financing and attract socially responsible investors, supporting long-term growth.	
Market Access	Regulatory barriers, geopolitical instability or market saturation could restrict SKRB's ability to enter or expand in key markets.	Proactively managing regulatory compliance and market trends can unlock new market opportunities, diversify revenue streams and reduce risk exposure.	
ENVIRONMENTAL			
Resource Stewardship	Overuse or mismanagement of natural resources could lead to resource depletion, increased costs and reputational damage due to unsustainable practices.	Sustainable sourcing and proactive resource optimisation can reduce costs, enhance operational efficiency and strengthen SKRB's reputation for environmental responsibility.	

SUSTAINABILITY STATEMENT (CONT'D)

Material Matters	Risks	Opportunities	Capitals Impacted
Climate Change (Emissions)	Failure to manage emissions could lead to regulatory penalties, reputational damage and increased operational costs due to carbon taxes or stricter environmental regulations.	Proactively reducing emissions and transitioning to low-carbon operations can help SKRB meet regulatory standards, reduce costs and position the Group as a climate-responsible company.	  
Energy Consumption	Inefficient energy use could result in higher operational costs, increased GHG emissions and vulnerability to fluctuations in energy prices.	Investing in energy-efficient technologies and renewable energy can reduce costs, improve sustainability performance and provide long-term energy security.	 
Water Consumption	Excessive water usage or wastage incur unnecessary costs, and results in potential reputational damage due to unsustainable practices.	Efficient water management can reduce operational risks, lower costs and enhance SKRB's environmental credentials by conserving a vital resource.	  
Waste Management and Recycling	Poor waste management could lead to regulatory fines, environmental damage and reputational harm due to non-compliance with waste regulations or excessive waste generation.	Effective waste management and recycling can reduce environmental impact, lower costs associated with waste disposal and enhance SKRB's reputation as a sustainable business.	  
Environmental Compliance	Non-compliance with environmental regulations could result in fines, legal challenges and reputational damage, negatively affecting SKRB's market position and financial performance.	Ensuring compliance with environmental regulations can safeguard the Group against legal risks, improve its environmental performance and enhance its credibility among stakeholders.	  
Biodiversity	Uncontrolled operations in ecologically sensitive areas could lead to loss of biodiversity, regulatory fines and reputational damage, particularly regarding the protection of endangered species.	Protecting biodiversity through sustainable sourcing and operational practices can enhance SKRB's environmental performance, reduce regulatory risks and strengthen the Group's sustainability credentials.	  
SOCIAL			
Occupational Health and Safety	Poor management of workplace health and safety can result in higher accident rates, increased absenteeism, legal liabilities and potential reputational damage.	Ensuring a safe and healthy workplace can boost employee morale, productivity and retention while reducing operational disruptions and legal costs.	  
Talent Management	Ineffective talent management could lead to high employee turnover, skill gaps and reduced organisational performance, hindering long-term growth.	Proactive talent management through employee development and engagement initiatives can increase retention, attract top talent and enhance organisational performance.	 
Community Development	Lack of engagement in community development could lead to a weak social licence to operate, harming the Group's reputation and limiting its ability to grow in certain regions.	Active involvement in community development can strengthen relationships with local communities, enhance SKRB's brand reputation and contribute to regional socio-economic progress.	 
GOVERNANCE			
Ethical Business Conduct	Failure to uphold ethical standards can lead to legal repercussions, reputational damage and loss of stakeholder trust.	Strong ethical business conduct builds trust with stakeholders, enhances the Group's reputation and fosters long-term business sustainability.	  

SUSTAINABILITY STATEMENT (CONT'D)

Material Matters	Risks	Opportunities	Capitals Impacted
Anti-Corruption	Corruption and bribery could result in legal penalties, significant fines and damage to SKRB's reputation, limiting access to financing and growth opportunities.	A strong anti-corruption stance enhances transparency, attracts ethical investors and ensures compliance with regulatory requirements, creating a more resilient business model.	 
Financial and ESG Risk Management	Inadequate risk management may lead to financial losses, disruptions in operations and failure to meet ESG obligations, resulting in regulatory penalties or missed opportunities.	Proactive financial and ESG risk management improves business resilience, helps in identifying new opportunities and ensures long-term financial stability.	  
Regulatory Compliance	Non-compliance with laws and regulations can lead to fines, legal action and reputational damage, jeopardising SKRB's business continuity.	Strong compliance practices protect the Group from legal risks, enhance operational transparency and foster good relationships with regulators and stakeholders.	 

Note: Identification of "Capitals Impacted" by SKRB's ESG Risks and Opportunities is categorised based on the 6 Capitals of the Integrated Reporting Framework.

	FINANCIAL		MANUFACTURED		INTELLECTUAL
	HUMAN		SOCIAL		NATURAL

Regulatory Compliance

SKRB has established a comprehensive compliance framework to ensure full adherence to all applicable laws, regulations and policies in the jurisdictions where it operates. This framework is designed to prevent non-compliance incidents that could result in fines, sanctions, reputational damage, or the revocation of operating licences.

In FY2025, SKRB maintained an exemplary compliance record, with zero fines or regulatory actions related to environmental, socio-economic, corporate governance, or anti-corruption issues.

Regulatory Compliance	FY2023	FY2024	FY2025
Has the company and/or subsidiaries been fined or censured for any environmental non-compliance?	No	No	No
Has the company and/or subsidiaries been fined or censured for any socioeconomic non-compliance?	No	No	No
Incidents of non-compliance with regulations resulting in a fine or penalty;	0	0	0
Incidents of non-compliance with regulations resulting in a warning;	0	0	0
Total monetary value of significant fines;	0	0	0
Total number of non-monetary sanctions;	0	0	0
Cases brought through dispute resolution mechanisms.	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

SKRB is also committed to providing accurate and reliable financial and corporate governance disclosures, in line with relevant legal requirements.

Annual General Meeting ("AGM")	FY2022	FY2023	FY2024
AGM Notice Filing Date (DD-MM-YYYY)	27-10-2022	26-10-2023	24-10-2024
AGM Date (DD-MM-YYYY)	25-11-2022	24-11-2023	22-11-2024
No. of days between the date of notice and date of meeting	30	30	30

Note: Please refer to page 73 of this Annual Report for the FY2024 Notice of AGM.

DATA PRIVACY

Protecting the privacy and security of personal and confidential information is a core responsibility of SKRB. In compliance with the Personal Data Protection Act 2010 ("PDPA"), SKRB has implemented a multi-layered cybersecurity framework that includes firewalls, encryption protocols, access controls, real-time monitoring tools and incident response mechanisms. Regular system maintenance and security patches are performed to address potential breaches, while simulated breach drills and internal audits help test and strengthen the Group's readiness to respond to potential threats.

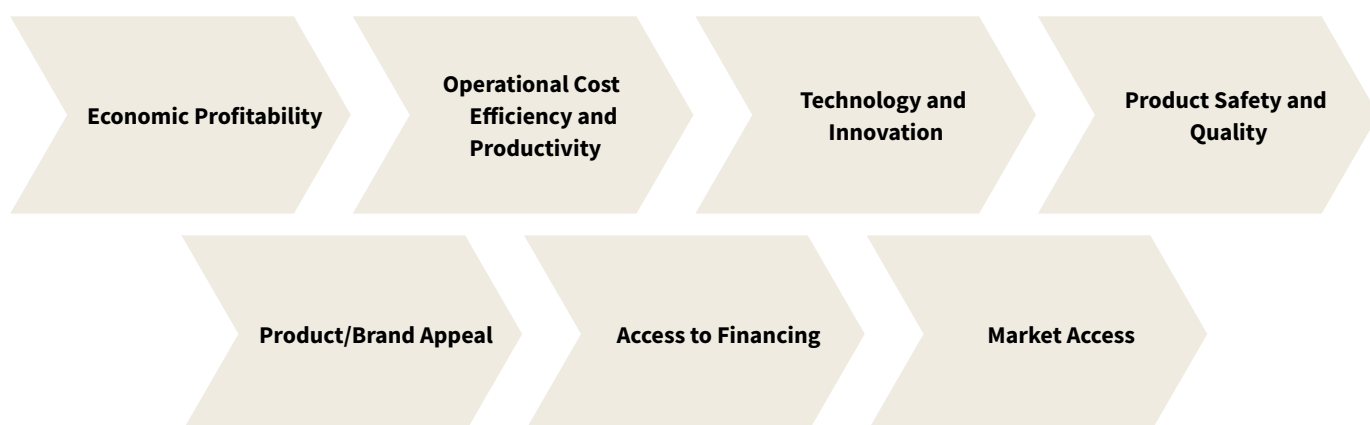
In FY2025, SKRB maintained a record of zero substantiated complaints or incidents of customer data loss or unauthorised disclosure.

PDPA	FY2023	FY2024	FY2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0
Number of complaints from regulatory bodies	0	0	0
Total fines related to PDPA non-compliance (RM)	0	0	0

DELIVER ECONOMIC VALUE

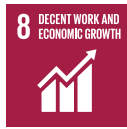
SKRB's sustainability strategy is rooted in generating long-term economic value by focusing on areas that are critical to both the business and its stakeholders. This includes sustaining profitability, improving operational efficiency and leveraging technology and innovation to enhance productivity. The Group also places strong emphasis on maintaining high standards of product safety and quality, strengthening product appeal, securing access to diverse markets and ensuring reliable and cost-effective financing. This balanced approach enables SKRB to navigate market volatility, capture emerging opportunities and sustain profitability in a dynamic global business environment.

Material Topics:



SUSTAINABILITY STATEMENT (CONT'D)

UNSDG Alignment:

<u>Goal 8: Decent Work and Economic Growth</u> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	
<u>Goal 9: Industry, Innovation and Infrastructure</u> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	

Economic Profitability

Strong financial and business performance keep SKRB resilient in a competitive market. As a listed company, the Group is committed to maintaining long-term profitability and providing consistent returns to shareholders.

This financial strength also enables SKRB to advance its ESG commitments, particularly through investments that benefit local communities. By prioritising local procurement, creating employment opportunities for local talent and meeting tax obligations, the Group contributes to the growth of domestic industries and the overall socio-economic wellbeing of the communities in which it operates.

SKRB is fully committed to adhering to all applicable tax laws and regulations across its operations in Malaysia. The Group ensures timely filing of tax returns, payment of statutory taxes and compliance with reporting obligations under the Income Tax Act, Sales & Service Tax Act and relevant guidelines issued by the Inland Revenue Board (LHDN) and Royal Malaysian Customs. Oversight of the Group's tax management and its risk are conducted by the Board.

In FY2025, SKRB's economic contributions are reflected in the values generated, distributed and retained across its operations. The detailed breakdown will be presented once it is finalised.

Indirect Economic Values Created (RM)	FY2023	FY2024	FY2025
Economic Value Generated	380,631,726	493,769,301	486,699,188
Economic Value Distributed	358,683,166	466,988,801	464,947,129
a) Total monetary value/spend on procurement	330,755,835	436,182,436	428,215,835
b) Total payout to employees in salaries and benefits	23,133,470	28,604,367	34,637,702
c) Taxes paid to government	4,813,861	2,201,998	2,093,592
d) Repayments to Financiers	NIL	NIL	NIL
e) Dividend Returns to Shareholders	0	0	0
Economic Value Retained	21,948,560	26,780,500	21,752,059

Note: The dividend returns to shareholders data in FY2023 and FY2024 have been restated from "NIL" to "0" to ensure accurate representation across reporting periods.

Operational Efficiency and Productivity

Operational efficiency and productivity directly influence the Group's profitability, cost competitiveness and long-term business resilience, enabling the Group to deliver quality products at scale, optimise resource use and minimise environmental and social impacts. This focus supports SKRB's ability to meet customer expectations, manage costs effectively and strengthen its reputation as a responsible and high-performing industry player.

SUSTAINABILITY STATEMENT (CONT'D)

SKRB manages operational performance through continuous investment in sustainable practices, modern equipment and process optimisation. Since increasing its sawmill production capacity from 36,000 tonnes in FY2020 to approximately 80,000 tonnes with the addition of four production lines, the Group has prioritised resource efficiency and accurate tracking of key operational metrics.

In FY2025, SKRB recorded an operating efficiency of 96% over total revenue.

Operating Efficiency and Productivity	FY2024	FY2025
Operating efficiency and productivity rate over total revenue (%)	98	96

Technology And Innovation

In the fast-paced and competitive furniture manufacturing industry, technology and innovation remain key drivers of SKRB's differentiation, efficiency and long-term sustainability. The Group continues to invest in advanced manufacturing technologies to expand production capacity, optimise operational processes and develop sustainable products that deliver added value to stakeholders, aimed at meeting market demands for eco-friendly and high-quality furniture.

Product Safety and Quality

At SKRB, the Group's financial performance remains intrinsically linked to customer trust and confidence. Protecting customer wellbeing and maintaining the integrity of the brand are foundational to SKRB's business and reputation. Under the leadership of the Marketing Manager, the marketing department continues to play an important role in overseeing quality control as well as managing strong, transparent customer relationships.

In FY2025, SKRB further enhanced its Quality Management System ("QMS"), which remains fully aligned with ISO 9001:2015 standards. Our comprehensive Quality Policy, supported by refined standard operating procedures, governs all manufacturing operations. The Group conducts quality assessments and audits frequently, and the Group has set a target to ensure annual compliance of its QMS with the ISO standard.

Moreover, SKRB's commitment to responsible sourcing and sustainability is reinforced through independent certification of products. The Group upholds the compliance with FSC 100%, FSC Mix and FSC Controlled Wood standards to offer products with the respected FSC and Responsible Forestry Certified certifications, reflecting the Group's responsible forestry practices.



Concerns regarding product safety and quality can be reported through established customer complaint channels and the whistleblowing mechanism, ensuring transparent investigation and resolution.

In FY2025, SKRB maintained an impeccable record, receiving zero complaints related to product safety and quality, with no incidents of product health and safety breaches or recalls over the past three years.

Product Safety	FY2023	FY2024	FY2025
Incidents of non-compliance concerning the health and safety impacts of products and services	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

Product and Brand Appeal

The appeal of SKRB's product portfolio is important to sustaining revenue generation and strengthening brand credibility. The Group is committed to maintaining product excellence and customer satisfaction, key drivers of competitive advantage and brand recognition in the marketplace.

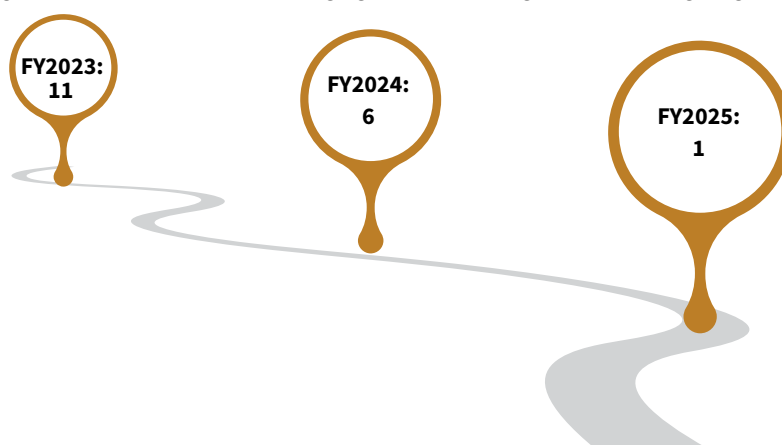
To stay responsive to evolving customer needs, SKRB actively engages with customers through its sales and marketing channels, supplemented by structured feedback mechanisms such as the annual customer satisfaction survey. Insights gathered from these touchpoints inform continuous improvements in product design and service delivery, reinforcing long-term customer trust and loyalty.

Customer Satisfaction	FY2023	FY2024	FY2025
Customer Satisfaction Scores <i>*(1 = Poor; 2 = Fair; 3 = Good; 4 = Excellent)</i>	3 out of 4* (Good)	4 out of 4* (Excellent)	3 out of 4* (Good)
Customer complaints received	11	6	1
Customer complaints resolved	11	6	1

The Group sets targets to achieve a minimum customer satisfaction score of 3 out of 4, reduces the number of customer complaints and responds to all complaints within two working days.

In FY2025, SKRB successfully met these targets, attaining a customer satisfaction score of 3 out of 4, received only one customer complaint throughout the year, which was promptly resolved, marking a significant improvement.

Moving forward, SKRB remains committed to continuously enhancing its product offerings through customer feedback. This strategy is aimed at further strengthening customer satisfaction, encouraging repeat patronage and sustaining long-term demand.



Access to Financing

SKRB's ability to secure sufficient and cost-effective financing is critical to sustaining operations, driving expansion and achieving long-term growth. Capital infusion is primarily from three channels: equity contributions from shareholders and investors, revenue from product and service sales and borrowings from financial institutions.

In Malaysia's evolving financial landscape, ESG performance has become a decisive factor in access to capital. Institutional investors are integrating ESG metrics into investment decisions, and Bank Negara Malaysia is advocating for climate risk considerations in lending and investment strategies. Companies with strong ESG credentials are increasingly favoured in capital allocation. SKRB's commitment to responsible sourcing, sustainable operations and ethical business conduct positions the Group to explore emerging green and sustainable financing avenues.

SUSTAINABILITY STATEMENT (CONT'D)

While ESG performance enhances competitiveness, the ability to secure financing on favourable terms is also influenced by other factors. Internally, regulatory compliance, financial health, revenue generation, cost management and leadership are critical. Externally, market trends, currency fluctuations, interest rate movements and the stability of the global furniture export market all influence lending terms and investor confidence.

SKRB upholds all statutory obligations, ensures transparent disclosures and optimises both tangible and intangible assets for use as collateral when required. The RMSC plays a central role in safeguarding financing capabilities by monitoring market conditions, assessing financial risks and ensuring alignment between capital requirements with the Group's visions.

Market Access

In FY2025, SKRB continued to strengthen its international market presence by supplying products to over 20 countries worldwide. The Group's adaptability in meeting varied customer specifications supported sustained demand across its key export destinations, while operational improvements in production and logistics enhanced delivery efficiency and reliability.

Efforts during the year focused on optimising operational efficiency to meet international demand, including better coordination of production cycles and shipping schedules. Market expansion strategies were supported by targeted prospecting in regions with high growth potential, accompanied by risk assessments covering political, economic, social, technological, legal and environmental factors.

To uphold ethical business practices and minimise corruption-related risks, SKRB does not export to or operate production facilities in countries ranked among the 20 lowest on Transparency International's Corruption Perceptions Index. The Group also maintains all necessary operating licences in its key export markets to ensure continued market access and full regulatory compliance, as detailed below:

Type of Licence/Certification	Issued by	Licence/ Certificate ID No.	Valid until
New Bedding Licence Certificate	Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Occupational and Industrial Safety	06177	31/07/2026
Bedding, Upholstered Furniture and Stuffed Toy Registration Licence	State of Ohio, Department of Commerce, Division of Industrial Compliance	CA 37420 MY	30/09/2025
Manufacturer of Bedding and/or Upholstered Furniture Permit	State of Utah Department of Agriculture and Food	1101-21999	31/12/2025
Manufacturer of Bedding and Upholstered Furniture	State of Connecticut Department of Consumer Protection	MFG. CA.00374203. (MY)	30/04/2026
Manufacturer	Virginia Department of Health, Department of Health, Bedding and Upholstered Furniture Program, Commonwealth of Virginia	15544	31/08/2025
Importer	State of California Department of Consumer Affairs, Bureau of Household Goods and Services	IMP133670	31/10/2026
Manufacturing of FSC 100% and FSC Mix Furniture, and FSC 100%, FSC Mix and FSC Controlled Wood Parts of Furniture, Using Transfer System	Bureau Veritas Certification	MY009273/1	15/11/2027
Certification for Chain-of-Custody	Platinum Shauffmantz Veritas	PSV-PEFC-COC-101026	14/01/2027

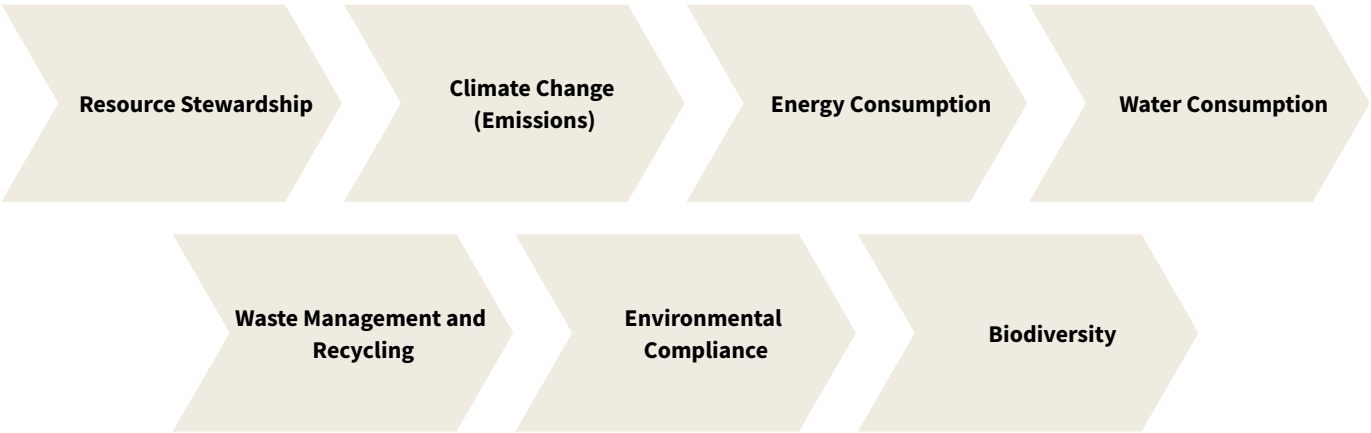
SUSTAINABILITY STATEMENT (CONT'D)

MINIMISE ENVIRONMENTAL IMPACT

At the core of SKRB’s sustainability strategy is a commitment to responsible environmental management, shaped by the Group’s reliance on natural resources for its furniture manufacturing. Understanding the potential environmental impacts of its operations, SKRB applies a precautionary approach to minimise harm—covering resource use, energy efficiency, emissions reduction, water stewardship and comprehensive waste and recycling practices.

Through the adoption of sustainable processes and strict compliance with environmental standards, SKRB works to preserve biodiversity and tackle climate change. By embedding these measures into daily operations, the Group reduces its environmental footprint while continuing to produce high-quality furniture that reflects its values and long-term commitment to responsible business.

Material Topics:



UNSDG Alignment:

<u>Goal 12: Responsible Consumption and Production</u> Ensure sustainable consumption and production patterns.	
<u>Goal 13: Climate Action</u> Take urgent action to combat climate change and its impacts.	
<u>Goal 15: Life on Land</u> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	

Biodiversity

As the Group’s furniture manufacturing depends on sustainably sourced wood and its processing activities take place within designated production forests, biodiversity conservation remains a key priority for SKRB. Recognising that biodiversity loss poses significant risks to ecosystems, food supply and global environmental stability, the Group is committed to taking active measures to minimise its ecological footprint and reduce the impact on biodiversity. These efforts prioritise the preservation of natural habitats and the protection of flora, fauna and species classified as threatened on the International Union for Conservation of Nature (“IUCN”) Red List.

SUSTAINABILITY STATEMENT (CONT'D)

SKRB addresses biodiversity risks by embedding biodiversity factors into its annual ESG assessment, ensuring they remain central to strategic decision-making. This is supported by a commitment to responsible sourcing, ensuring that all raw and traded wood materials are procured in a way that minimises environmental harm.

By obtaining over 65% of its timber from renewable rubberwood plantations and sourcing the remainder from Forestry Department (Jabatan Perhutanan) certified areas, SKRB ensures its operations remain aligned with responsible forestry practices. The Group further supports sustainability through a circular use of resources, repurposing wood by-products into secondary outputs and reducing waste and effluent generation to safeguard biodiversity from potential downstream effects.

Resource Stewardship

SKRB is mindful of the environmental implications of its raw material usage, particularly in relation to biodiversity and climate change. As part of its sustainability agenda, the Group places strong emphasis on managing resources efficiently, especially throughout its furniture manufacturing operations.

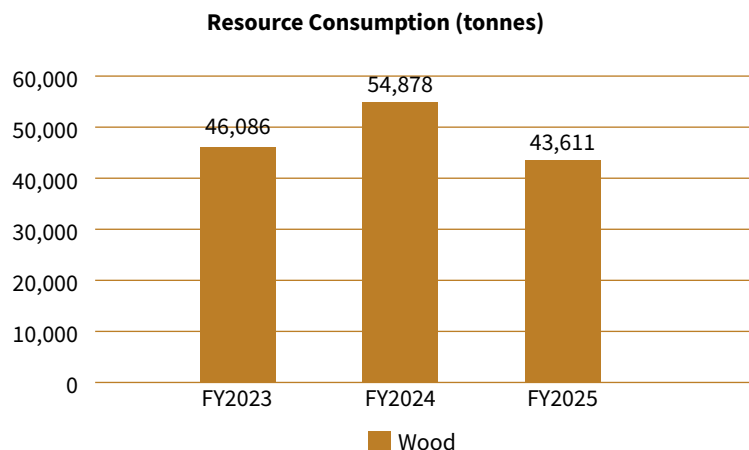
Central to this effort is the prioritisation of sustainable materials. A significant portion of SKRB's output—over 65%—is produced using rubberwood, a renewable timber harvested from rubber trees that have reached the end of their latex-producing cycle. This strategy not only supports the use of fast-growing species but also reduces dependence on primary forests.

SKRB upholds strict procurement practices for additional timber sourcing, sourcing wood only from areas certified by the Jabatan Perhutanan to ensure that no materials come from species listed on the IUCN Red List. As part of its long-term commitment to resource stewardship, SKRB is dedicated to reducing the environmental footprint of its material use by increasing efficiency, maximising utilisation of renewable resources and continually improving sourcing practices to avoid or minimise adverse impacts on ecosystems. These measures reflect the Group's commitment to responsible sourcing and environmental protection.

In line with its sustainable forestry goals, SKRB maintains certifications under the Forest Stewardship Council A.C. ("FSC"), including FSC 100%, FSC Mix and FSC Controlled Wood. These third-party endorsements affirm the Group's adherence to internationally recognised standards for sustainable wood products.



SUSTAINABILITY STATEMENT (CONT'D)



Note:

Resource Consumption Data has been compiled from the following subsidiaries:

- *SKFI: Being Rubberwood purchased as raw material for furniture processing.*
- *VPM: Being Tropical wood log purchased as material for wood processing.*
- *SKPW: Being Wood purchased as raw material for plywood processing.*

To build on these initiatives, SKRB plans to undertake a comprehensive review of its business processes, with the aim of identifying further opportunities to reduce environmental impact and enhance resource use efficiency.

Climate Change

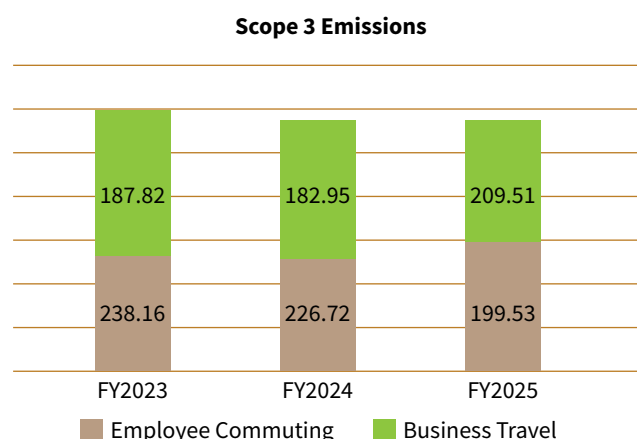
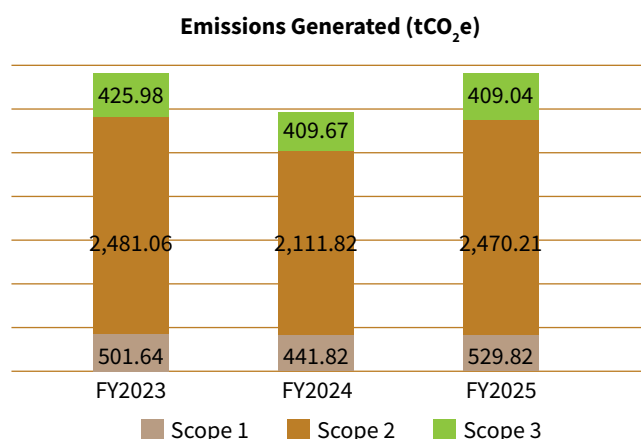
With climate change driving shifts in ecosystems and intensifying its economic and social impacts, SKRB recognises the pressing need for proactive measures. The increasing occurrence of severe weather and flooding in recent years presents tangible risks to the Group's supply chain and raw material availability, potentially affecting its long-term financial resilience.

SKRB's climate strategy integrates both mitigation and adaptation, reflecting its pledge to contribute to global and national climate goals. In line with Malaysia's Net Zero aspirations and the National Energy Transition Roadmap ("NETR"), the Group is working to limit global warming to 1.5°C by setting Scope 1 and Scope 2 emissions reduction targets, expanding RE adoption and lowering its carbon footprint. These steps support Malaysia's Nationally Determined Contributions ("NDC") under the Paris Agreement. To reinforce this commitment, the Board and Management have tied their remuneration to the achievement of these targets, signalling a strong link between leadership accountability and climate performance.

In FY2025, Scope 1 and Scope 2 emissions increased by 17.48% compared to FY2024. This rise was primarily attributable to the recommencement of operations at SKFI's factory in Muar, Johor Darul Takzim, which was rebuilt and resumed full activity following a fire in December 2022. As a result, energy consumption increased in line with the expansion of production capacity.

An overview of the Group's total carbon emissions is detailed below, including a breakdown of the Scope 3 emissions data for employee commuting and business travel.

SUSTAINABILITY STATEMENT (CONT'D)



Emissions Intensity over Sales (tCO ₂ e/RM'mil)	FY2023	FY2024	FY2025
Scope 1	1.32	1.31	1.09
Scope 2	6.52	6.24	5.08
Scopes 1 & 2	7.84	7.55	6.16
Scopes 1, 2 & 3	8.96	8.76	7.00

Notes:

- *Scope 1* - The conversion factor used to convert litres consumption to energy value is based on the Malaysia Energy Statistic Handbook 2020. Meanwhile, emission factors and Global Warming Potential ("GWP") values are retrieved from the Intergovernmental Panel on Climate Change ("IPCC") database.
- *Scope 2* - The emission factor used for grid electricity is based on the United Nations Framework Convention on Climate Change ("UNFCCC") Harmonised Grid Factors 2021.
- Intensity is calculated based on the following sales figures: FY2025: 486.70 mil; FY2024: RM483.40 mil; FY2023: RM380.63 mil.

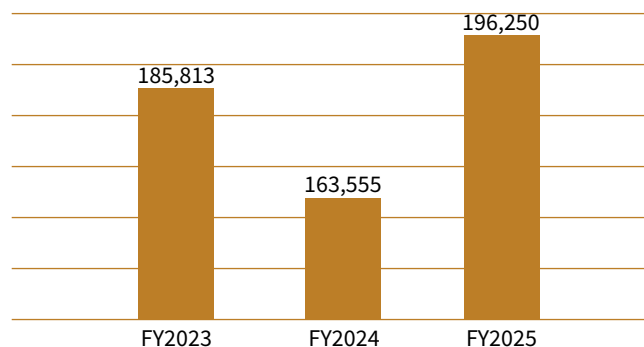
Energy Consumption

For an industry reliant on energy-intensive processes, such as wood processing and furniture production, reducing energy consumption is a key priority. At SKRB, energy use is closely monitored as part of its core ESG indicators, with the Group's energy management initiatives aiming to optimise operations and lower GHG emissions, supporting its broader sustainability objectives.

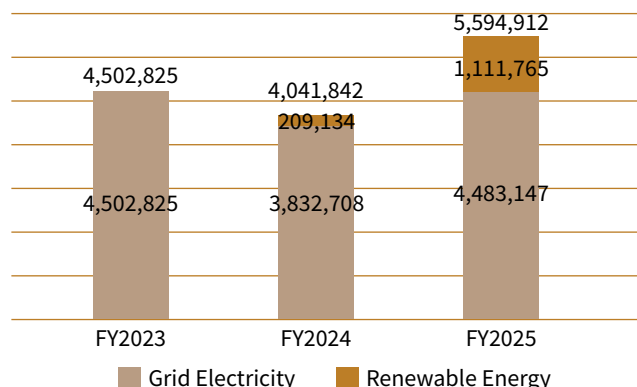
SKRB adopts a range of measures to improve energy efficiency, from optimising production schedules to ensure maximum machinery performance, to conducting routine equipment maintenance and introducing energy-efficient machinery and lighting. The Group also focuses on maximising raw material utilisation and continuously identifies opportunities to enhance energy performance. These actions have collectively reduced fuel and electricity use, resulting in lower GHG emissions.

SUSTAINABILITY STATEMENT (CONT'D)

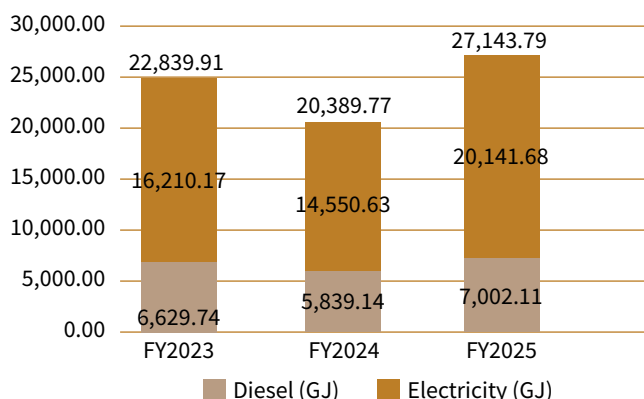
Diesel Consumption (Litres)



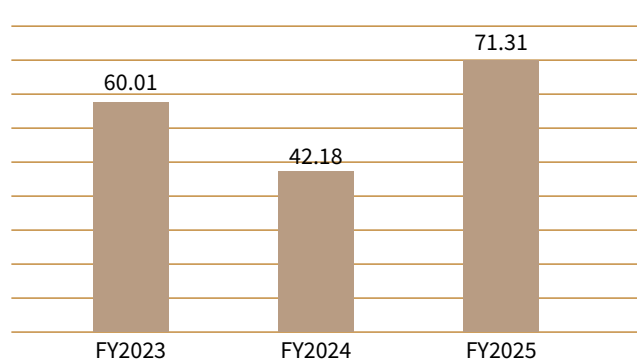
Electricity Consumption (kWh)



Total Energy Consumption (GJ)



Energy Intensity over Sales (GJ/RM'mil)



Notes:

Total energy consumption is calculated based on the conversion of total fuel and electricity consumption using conversion factors in the Malaysia Energy Statistic Handbook 2020.

Intensity is calculated based on the following sales figures: FY2025: 486.70 mil; FY2024: RM483.40 mil; FY2023: RM380.63 mil.

SKRB reinforced its commitment to expanding RE within its operations in FY2025, advancing towards its goal of generating 40% of its energy needs from renewable sources by FY2030. Building on the solar power installations introduced in April 2024, 2 of the Group's 7 business units have continued solar adoption throughout the year. From June 2024 to June 2025, these facilities generated a total of 1,111,765 kWh of solar power. As a result, RE accounted for 19.87% of the Group's total electricity consumption of 5,594,912 kWh in FY2025, marking a significant increase from 5% in FY2024. This progress not only strengthens SKRB's resilience against grid dependency but also delivers cost savings and measurable reductions in operational emissions.

Water Consumption

Acknowledging that clean water is a fundamental human right, SKRB is committed to sustainable water management as part of its ESG priorities. The Group is committed to ensuring that its operations are not situated in water-stressed areas, and for any potential new sites, conducts feasibility studies to assess water availability, avoiding locations facing scarcity. Based on the World Resource Institute's Aqueduct Water Risk Atlas Tool, none of SKRB's current properties are located in water-stressed regions.

SUSTAINABILITY STATEMENT (CONT'D)

The Group sources the majority of its water from municipal supplies. As part of its commitment to conservation, SKRB implements strict monitoring, tracking and regulation of water consumption at every operational site to optimise usage and reduce unnecessary consumption. In FY2025, the Group achieved a 3.7% reduction in water consumption intensity compared to the FY2024 baseline, using a total of 27,422 m³ of water over 807,259 sq. ft. of operational area. This progress reflects SKRB's proactive water management approach, keeping the Group on track towards its target of a 3.5% reduction by FY2030.

Water Performance Data (Litres)	FY2023	FY2024	FY2025
Water Withdrawal by Source:			
Surface Water Withdrawal (lakes, rivers, natural ponds)	0.00	0.00	0.00
Groundwater Withdrawal (wells, boreholes)	0.00	0.00	0.00
Used Quarry Water Withdrawal	0.00	0.00	0.00
Municipal Potable Water Withdrawal	26,976.00	17,760.00	27,422.00
External Wastewater Withdrawal	0.00	0.00	0.00
Harvested Rainwater Withdrawal	0.00	0.00	0.00
Ocean/Sea Water Withdrawal	0.00	0.00	0.00
Total Water Withdrawal	26,976.00	17,760.00	27,422.00
Water Withdrawal from Water-Stressed Region	0.00	0.00	0.00
Total Water Use/Consumption	26,976.00	17,760.00	27,422.00
Water Intensity over Sales (Litres per RM'mil)	70.87	36.74	56.34
Water Intensity over Operational Area (Litres per sqft)	3.6%	2.4%	3.40%
Water/Effluents Discharged by Destination:			
Ocean Discharge	0.00	0.00	0.00
Surface Water Discharge (lakes, rivers, natural ponds)	0.00	0.00	0.00
Subsurface Discharge (wells, boreholes)	0.00	0.00	0.00
Off-site Water Treatment Discharge	26,976.00	17,760.00	27,422.00
Beneficial/Other Use Discharge	0.00	0.00	0.00
Total Water/Effluents Discharged	26,976.00	17,760.00	27,422.00
Number of Incidents of Non-compliance with Water Quality/Quantity Permits, Standards and Regulations	0	0	0

Note: Intensity is calculated based on the following sales figures: FY2025: 486.70 mil; FY2024: RM483.40 mil; FY2023: RM380.63 mil; and operational area of 807,259 sqft for FY2024 to 2025.

SKRB is committed to raising employee awareness on responsible usage, ensuring water-consuming equipment is turned off when not required, and evaluating the adoption of international water-saving measures, such as recycling and reuse systems, to drive further reductions in water consumption. These initiatives reinforce SKRB's dedication to protecting water resources and promoting sustainable availability for the long term.

Waste Management and Recycling

Operating within a sector heavily reliant on wood and other natural raw materials, SKRB acknowledges the critical role of waste management in preventing environmental issues such as landfill leachate and unsustainable resource use. We are committed to managing waste responsibly by reducing generation at source, maximising reuse and recycling and ensuring safe and compliant disposal practices in line with circular economy principles. As part of its mitigation strategy, the Group has implemented various initiatives designed to reduce waste generation and improve the handling of by-products in a responsible manner. Rooted in the 3R principles – Reduce, Reuse and Recycle – SKRB's approach integrates sustainable waste and resource practices across all operations.

SUSTAINABILITY STATEMENT (CONT'D)

Reduce	 SKRB continues to invest in new technologies that boost manufacturing efficiency and lower resource usage to reduce resource consumption, specifically focusing on wood and paper.
Reuse	 Production remnants like wood chips and leftover materials from furniture manufacturing are repurposed to be used to manufacture additional woodbased products.
Recycle	 The Group has installed designated recycling bins at its sites and encourages employees to properly segregate material such as paper, glass and plastic. These materials are then managed by licensed contractors to ensure recycling, including packaging and used cartridges, rather than ending up in landfills.

In FY2025, SKRB successfully diverted 95.06% of its waste from disposal, with a total of 17,180.27 tonnes of waste being recovered and repurposed through recycling efforts. This accomplishment reflects a major step in SKRB's ongoing journey towards a fully circular waste management system and highlights its firm commitment to minimising landfill impact.

To further optimise waste outcomes, SKRB has also introduced advanced machinery, strengthened routine inspections, and ensured its processes comply with guidelines set by Malaysia's Department of Environment ("DOE"), particularly regarding proper disposal of electronic waste via authorised channels.

Waste Data (tonnes)	FY2023	FY2024	FY2025
Hazardous Waste	0.74	0.00	0.00
Non-Hazardous Waste	16,731.01	13,478.17	18,071.74
Total Waste Generated	16,731.75	13,478.17	18,071.74
Waste Diverted from Disposal (Recycled waste)	16,731.01	13,478.17	17,180.27
Waste Directed to Disposal	0.74	0.00	891.47

Moving forward, the Group will refine its internal waste systems and explore deeper collaboration throughout its supply chain. A stronger emphasis will also be placed on adopting data-driven targets to guide future initiatives and promote shared responsibility among partners in advancing sustainable waste management.

Environmental Compliance

SKRB remains committed to full compliance with environmental laws and regulations, recognising this as a fundamental responsibility in protecting the planet. This commitment encompasses efforts to minimise environmental impacts, promote sustainable practices and support global initiatives addressing climate change and biodiversity loss.

SUSTAINABILITY STATEMENT (CONT'D)

By actively monitoring of effluents, air quality and noise emissions, SKRB minimises potential pollution risks and protects community wellbeing. Through robust management systems, SKRB ensures that its wood processing and furniture manufacturing activities remain fully compliant with all relevant environmental standards, protecting both surrounding ecosystems and local communities. In FY2025, this commitment was demonstrated by zero incidents of legal non-compliance related to environmental pollution, spills, or air emissions, as well as zero recorded complaints from neighbouring communities.

Maintaining this performance reflects SKRB’s dedication to integrating environmental stewardship into every aspect of its operations — from responsible sourcing and resource efficiency to sustainable production methods. In doing so, the Group contributes meaningfully to the industry’s sustainability progress while protecting the planet for future generations.

SOCIAL RESPONSIBILITY

The strength of SKRB is built upon a foundation of a diverse and inclusive workplace. The Group prioritises employee satisfaction and wellbeing, while simultaneously providing competitive remuneration and clear opportunities for career development. Beyond internal operations, community engagement is a key pillar of the Group’s strategy. Through a range of initiatives, SKRB actively supports local socio-economic growth, reinforces community ties and ensures shared value creation for all stakeholders.

Material Topics:



UNSDG Alignment:

<u>Goal 3: Good Health and Well-being</u> Ensure healthy lives and promote well-being for all at all ages.	
<u>Goal 4: Quality Education</u> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	
<u>Goal 5: Gender Equality</u> Achieve gender equality and empower all women and girls.	

Occupational Safety and Health (“OSH”)

OSH stands as a core strategic imperative for SKRB, and the Group is deeply committed to continuously improving its safety and health performance, including its policies. The Group recognises that safety-related incidents can have significant consequences, from operational disruptions and reputational damage to, most importantly, risks to human life. A strict zero-tolerance OSH policy is rigorously enforced, in full compliance with the Occupational Safety and Health Act 1994 and its regulations. This comprehensive policy, which is overseen by the Board and regularly updated, applies universally to all employees, contractors, suppliers and visitors.

SUSTAINABILITY STATEMENT (CONT'D)

The Group ensures proactive safety management through dedicated Safety and Health Committees established at each operational unit. Comprising both employee and Management representatives, these committees are responsible for the continuous monitoring of workplace safety practices. Through quarterly meetings, they facilitate a dynamic exchange of ideas, where worker feedback on real-time site conditions directly informs the development of accident prevention strategies. To ensure all voices are heard, employees can also raise OSH concerns outside of these formal meetings. They can directly contact their on-site committee members or submit an email report at any time. This feedback is then promptly reviewed by the Safety and Health Committee and Management, who adjust and improve existing controls as necessary.

To systematically identify and mitigate potential hazards, regular health and safety risk assessments are conducted at all operating sites. Furthermore, due diligence is a standard procedure for any new operations undertaken by SKRB.

In the event of an accident or incident resulting in injury or fatality, an immediate report is made to the relevant Safety and Health Committee. The information is then escalated to Management and the Board for further oversight. Every occurrence is thoroughly investigated, with the resulting findings and corrective actions communicated across the Group to prevent future incidents. The Board and Management, through the RMSC, continuously monitor OSH metrics and closely track progress against established safety targets. This all-encompassing approach not only ensures a safe working environment but also fosters a strong culture of accountability at every level of the organisation.

Thanks to the Group's approach to occupational health and safety, it has successfully achieved its target of zero fatalities in FY2025. While the Group recorded nine lost time injury ("LTI") incidents this year—compared to last year's target of fewer than five—this increase was primarily attributed to the onboarding of new foreign workers with limited safety awareness and training. In response, the Group has intensified safety training programmes to strengthen awareness and preventive measures among all employees. Despite this, the Group's LTI rate of 1.02 is lower than the national rate of fatal occupational injuries of 2.06 per 100,000 workers in 2022¹. The performance data for OSH in FY2025, alongside a 3-year performance track, is detailed in the charts and tables that follow.

OSH Performance Data	FY2023	FY2024	FY2025
Total manhours worked	1,561,820	1,727,572	1,761,148
Employee Fatalities	0	0	0
Contractor Fatalities	0	0	0
Total Fatalities	0	0	0
Total number of Contractors	0	0	0
Number of recordable work-related injuries	8	5	9
Total number of lost days	59	137	90
Total number of LTI	4	5	9
Incident Report	2	5	9
Unsafe Act Unsafe Condition ("UAUC")	0	0	0
Occupational diseases rate	0	0	0
Absenteeism rate - days	617.00	615.54	951.00
Absenteeism rate - headcount	381	452	636.00
Injury Rate (including fatalities)	1.02	0.58	1.02
Lost Day Rate	7.56	15.86	10.22
LTI Rate*	0.51	0.58	1.02
Fatality Rate	0.00	0.00	0.49
Number of employees trained on health and safety standards	66	24	25

* The Lost Time Injury Rate measures workplace safety by calculating the number of incidents resulting in employees and contract workers being unable to work due to injury or illness, expressed as the number of such incidents per 200,000 hours worked.

¹ Department of Occupational Safety and Health ("DOSH"). National Occupational Accident & Fatality Rate. <https://intranet.dosh.gov.my/index.php/statistic-v/national-occupational-accident-fatality-rate-v>.

SUSTAINABILITY STATEMENT (CONT'D)

Talent Management

SKRB recognises that the workforce is the fundamental cornerstone of its success. Therefore, talent management remains a strategic priority for the Group. Acknowledging the direct link between wellbeing and productivity of employees and SKRB's long-term growth, the Board and Management maintain active oversight of these key areas. This supervision is effectively executed through the Group's Human Resource ("HR") function, which ensures a continued focus on supporting and developing the Group's most valuable asset: its people.

RECRUITMENT, RETENTION & REMUNERATIONS

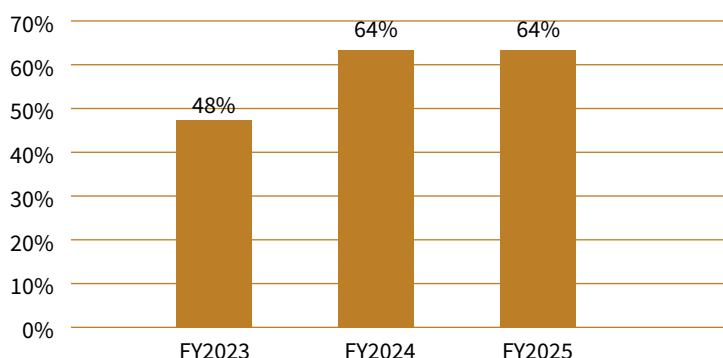
In FY2025, SKRB maintained its comprehensive HR management framework, a structure designed to support employees throughout their journey with the Group. The framework begins with a structured induction programme for new employees, and a formal mechanism for reporting workplace bullying, harassment and grievances. Furthermore, clear protocols are in place for handling employee departures.

To uphold the Group's competitive edge in talent acquisition and retention, key metrics such as employee turnover rates, recruitment efforts and satisfaction levels are consistently tracked. The effectiveness of SKRB's talent management strategy is gauged through employee satisfaction surveys, which are conducted once every two years.

Workforce Breakdown	FY2023	FY2024	FY2025
Total Workforce (no.)	671	770	777
Permanent Staff (%)	100.00%	100.00%	100.00%
Temporary/Contract Staff (%)	0.00%	0.00%	0.00%
Total New Hires (no.)	148	258	0
Total Turnover (no.)	168	83	219
Full-Time Staff Voluntary Turnover Rate (%)	25.00%	11.00%	28.19%
Employees Entitled to Employee Benefits (%)	100.00%	100.00%	100.00%

* SKRB's annual hiring and turnover figures are heavily influenced by the work visa renewal needs of its foreign workforce, which has traditionally formed upwards of 80% of the Group's total workforce over the past 3 years.

Employee Satisfaction Rate



Notes:

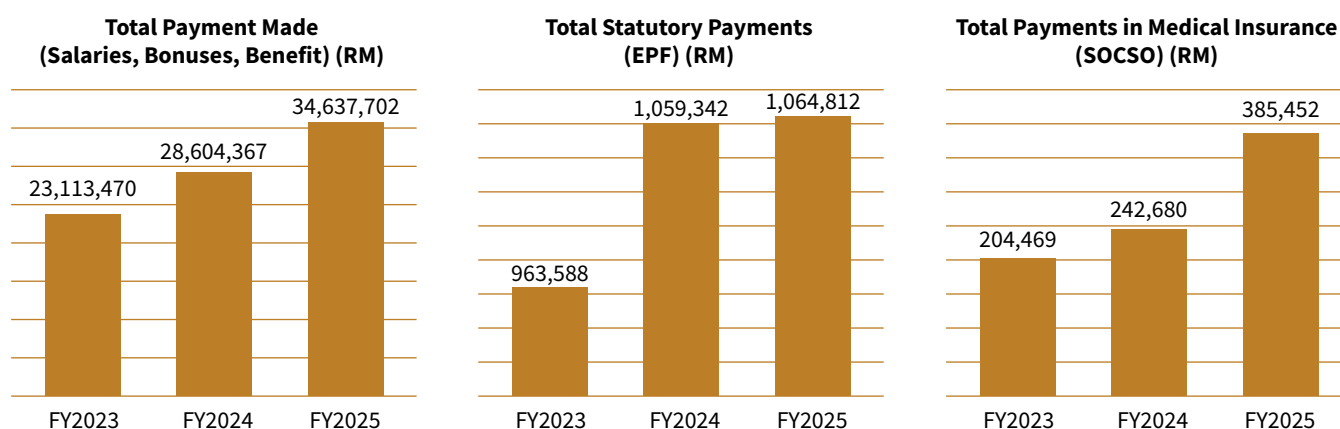
- Employee satisfaction surveys are conducted once every two years.
- Employee satisfaction rate percentage is calculated based on number of employees who have provide good or excellent ratings during a recent employee satisfaction survey.

SUSTAINABILITY STATEMENT (CONT'D)

The Group prioritise a competitive compensation and benefits structure as a cornerstone of its strategy to attract and retain high-calibre talent. SKRB provides competitive salaries complemented by an extensive suite of benefits designed to support the wellbeing of all employees.

The benefits include medical and personal accident insurance, annual, sick and hospitalisation leave, as well as other leave entitlements such as parental, marriage and compassionate leave. To support employees' professional duties, travel claims are also a standard entitlement. SKRB also ensures full compliance with the statutory contributions to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO").

In addition to these benefits, the Group recognises the importance of employee engagement and workplace culture. While there are currently no formalised engagement initiatives such as festive celebrations, sports events, recreational activities, birthday celebrations, or teambuilding exercises, Management is actively exploring opportunities in this area and plans to propose such initiatives to the Board in the coming years.



Talent Training

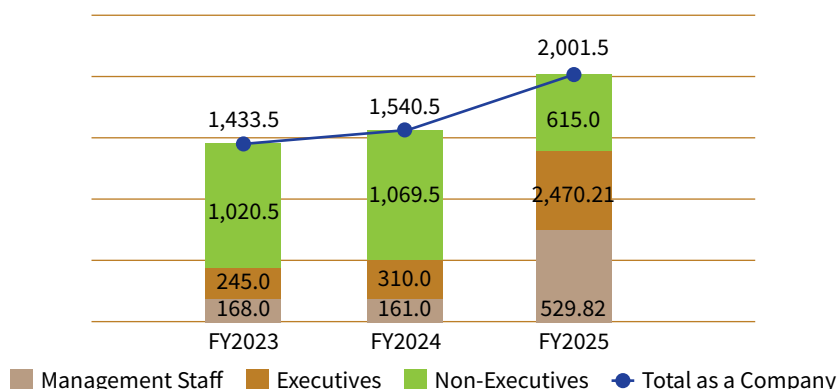
A well-trained and dynamic workforce is crucial for the long-term success of the Group. In FY2025, SKRB placed a continued emphasis on employee development as a cornerstone of its HR strategy. The Group's commitment to fostering a high-calibre team is demonstrated through a diverse range of training programmes. These initiatives are focused on enhancing key skills, developing leadership potential and ensuring a deep understanding of evolving industry best practices.

Last year's target was to achieve 33 training hours per employee on average. FY2025 recorded 17 training hours per employee, primarily due to budget constraints. The Group is working towards improving training hours in the coming year to better meet this target.

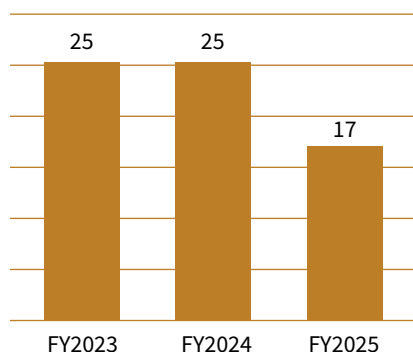
By empowering employees to excel in their current positions, the Group is also strategically preparing them for greater responsibilities and career progression within the organisation. A motivated and capable workforce is the result of SKRB's strategic focus on continuous learning and personal development. This commitment not only strengthens the Group's competitive position in the market but also plays a key role in fostering employee satisfaction and retention.

SUSTAINABILITY STATEMENT (CONT'D)

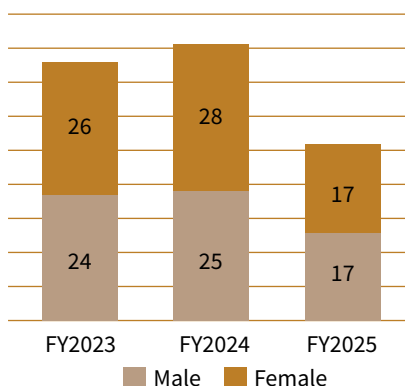
Total Hours of Training by Employment Category



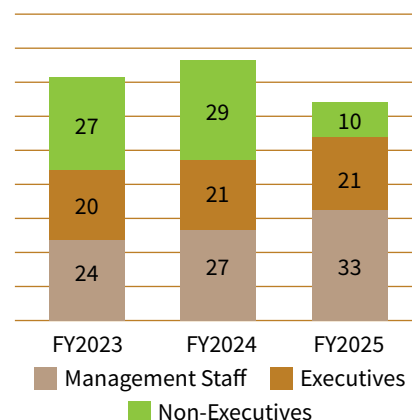
Average Training Hours Per Employee



Average Training Hours Per Employee by Gender



Average Training Hours Per Employee by Employment Category



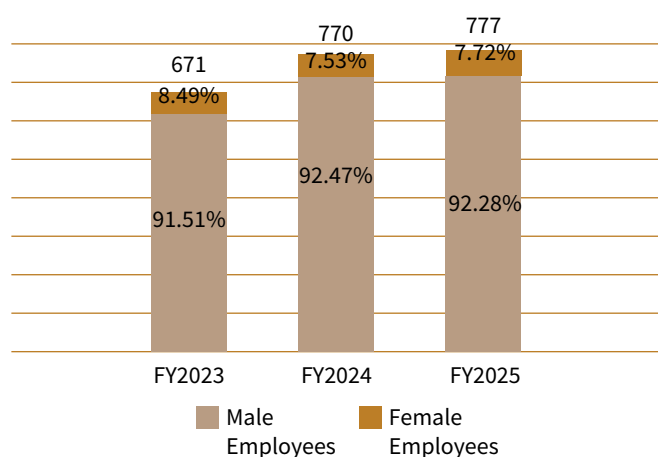
CHAMPIONING DIVERSITY, INCLUSIVITY AND NON-DISCRIMINATION

SKRB is committed to foster a diverse, equitable and inclusive workplace where all employees are provided equal access to opportunities for growth and advancement. This objective is achieved by applying a strict principle of meritocracy across all facets of talent management, from recruitment and compensation to career development and succession planning.

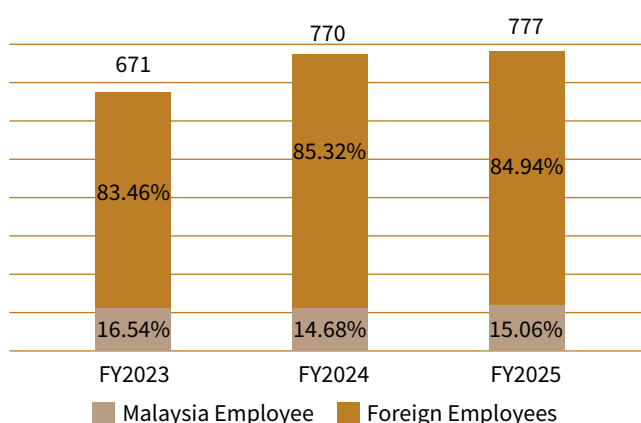
To support this commitment, the Group ensures that no individual is subject to discrimination on the basis of age, gender, ethnicity, religion, sexual orientation, disability, or nationality. SKRB actively tracks various diversity indicators to drive continuous improvements in workforce diversity, promote equal opportunities and reduce discrimination across the organisation.

SUSTAINABILITY STATEMENT (CONT'D)

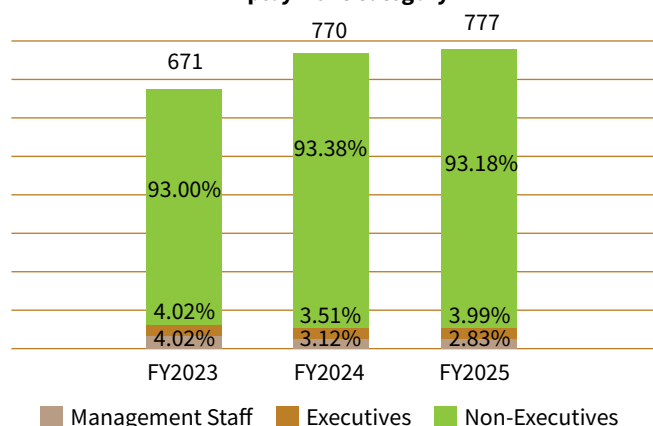
Total Workforce



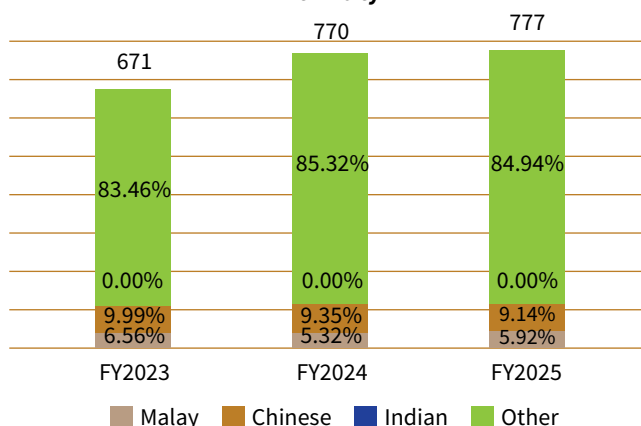
Workforce Nationality



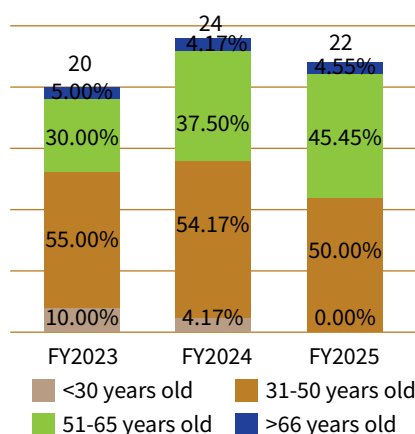
Employee Breakdown by Employment Category



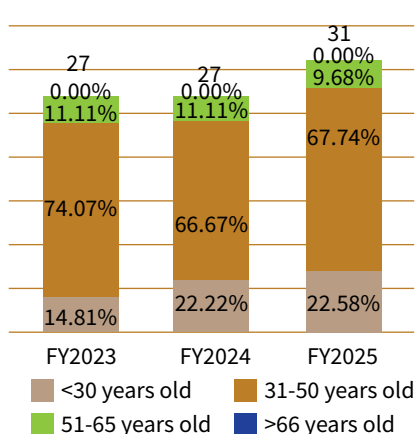
Employee Breakdown by Ethnicity



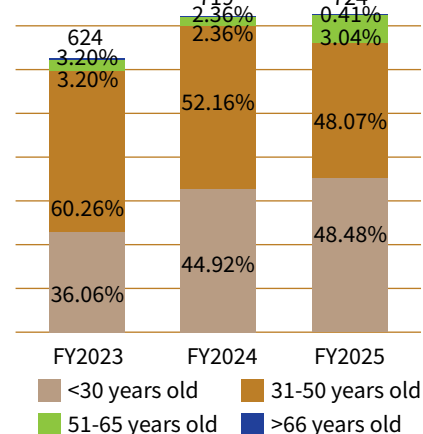
Age Breakdown of Managerial Staff



Age Breakdown of Executive Staff

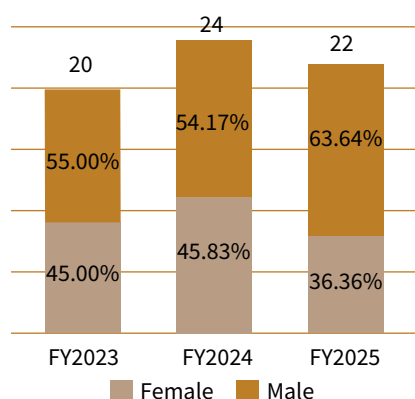


Age Breakdown of Operational Staff

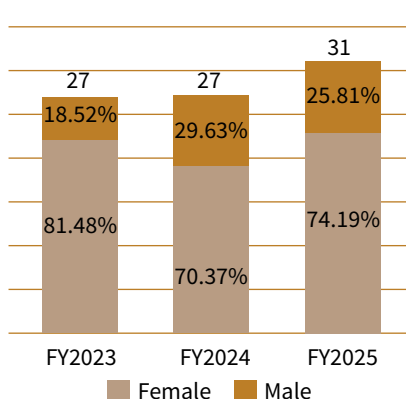


SUSTAINABILITY STATEMENT (CONT'D)

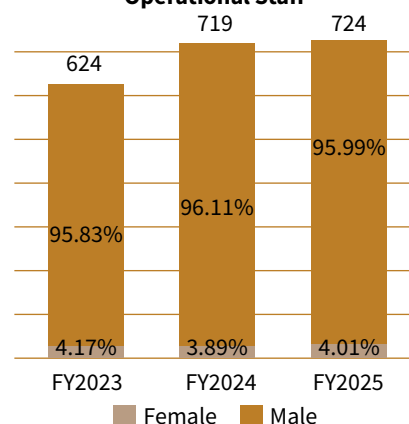
Gender Breakdown of Managerial Staff



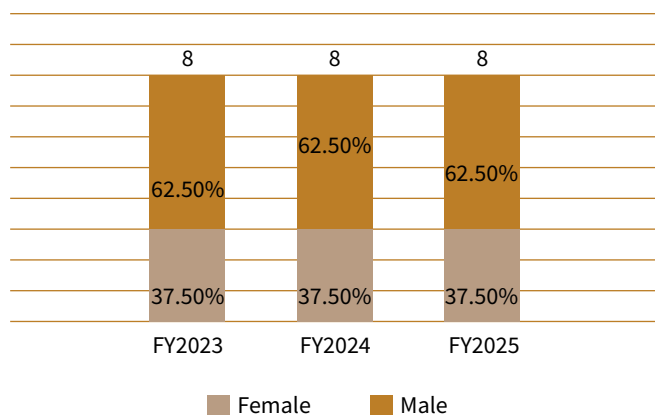
Age Breakdown of Executive Staff



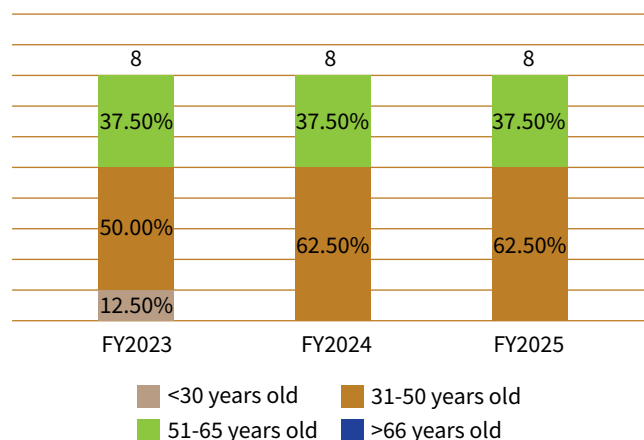
Age Breakdown of Operational Staff



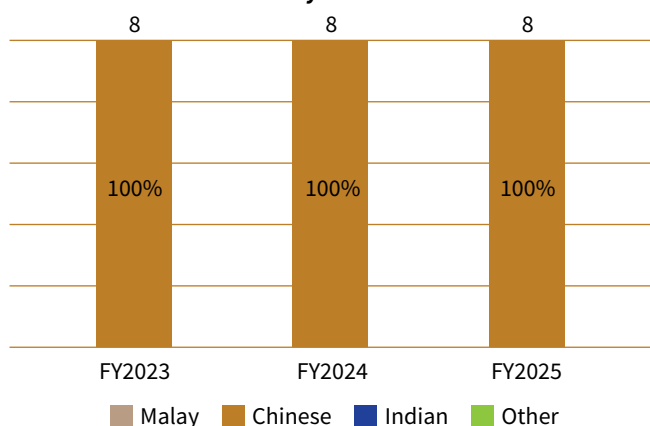
Board of Directors Gender Breakdown



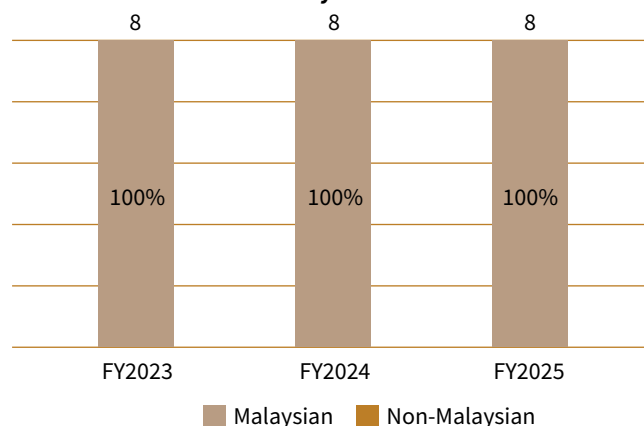
Board of Directors Age Breakdown



Board of Directors Ethnicity Breakdown



Board of Directors Nationality Breakdown



SUSTAINABILITY STATEMENT (CONT'D)

Promoting Gender Equality in the Workplace

In an industry traditionally dominated by men, SKRB is committed to actively driving gender equality within its operations. The Group's initiatives are specifically designed to narrow the gender pay gap and facilitate the advancement of women into leadership positions across the organisation.

This strategic focus is part of a broader commitment to ensuring fairness and justice throughout the workforce. SKRB realises this objective by working to eliminate biases and discrimination, providing equitable access to benefits, opportunities, resources, education and decision-making for all employees, irrespective of gender.

Gender Pay Data	FY2023	FY2024	FY2025
Average salary difference between women to men (RM)	1,574.63	1,648.43	1,436.32
Ratio of basic salary and remuneration of women to men for key employee categories- Managerial staff	0.02	(0.56)	(0.48)
Ratio of basic salary and remuneration of women to men for key employee categories- Executive	(0.09)	(0.05)	(0.01)
Ratio of basic salary and remuneration of women to men for key employee categories- Non-executive staff	0.27	0.24	0.21

For FY2025, the Group continues its strong commitment to gender equality and workplace inclusivity. SKRB is proud to report that it has once again surpassed the 30% target for female representation of the Board as outlined in Practice 5.9 of MCCG 2021. With 3 out of 8 Board positions held by female directors, female representation stands at a robust 37.50%.

Recognising the importance of a balanced work-life dynamic, SKRB remains dedicated to supporting all employees in their roles as parents. Parental leaves are designed to be inclusive, offering benefits to both mothers and fathers:

- Female employees are entitled to 98 consecutive days of maternity leave, providing ample time for new mothers to care for their newborns.
- Male employees receive 7 days of paid paternity leave, in line with the latest amendments to the Malaysian Employment Act.

These policies highlights the Group's effort to create an inclusive workplace where both men and women are supported in their professional and personal lives, ultimately fostering a more equitable and productive workplace.

Parental leave utilisation over the past three years at SKRB is detailed in the following table.

Parental Leave Data	FY2023		FY2024		FY2025	
	Male	Female	Male	Female	Male	Female
No. of Employees Utilising Parental Leave	1	1	1	1	1	1
Return to Work Rates (return to work after parental leave period)	100%	100%	100%	100%	100%	100%
Retention Rates (remain with the organisation for 12 months or more post parental leave)	100%	100%	100%	100%	100%	100%

SUSTAINABILITY STATEMENT (CONT'D)

UPHOLDING SOUND LABOUR PRACTICES

SKRB is committed to upholding a workplace founded on fairness, inclusivity and respect for human dignity, while valuing diversity and safeguarding the fundamental human rights of all employees. The Group's commitments regarding labour and human rights are defined by the following principles:

	Freedom of Association: SKRB actively supports employees' right to form associations and engage in collective bargaining, ensuring they have a voice in workplace matters.
	Minimum Notice Period: The Group adheres to legally mandated minimum notice periods for any significant changes in employment conditions.
	Children's Rights and Prevention of Child Labour: The Group strictly prohibits child labour in any form, upholding the rights of children across all its operations and partnerships.
	Wage Compliance: SKRB fully complies with the Minimum Wage Order 2022, as well as all regulations related to fair compensation and working hours.
	Prohibition of Forced Labour and Modern Slavery: The Group enforces a zero-tolerance policy against forced labour, debt bondage, human trafficking and modern slavery in all forms.
	Safe Working Conditions: SKRB is committed to ensuring a safe and healthy work environment that prioritises both physical safety and mental wellbeing.
	Harassment-Free and Violence-Free Workplace: The Group maintains a strict policy against all forms of harassment, violence and retaliation, promoting a respectful and secure working environment.

Human Rights Due Diligence in the Supply Chain

Ensuring human rights are upheld across SKRB's entire operational footprint and throughout its supply chain is a resolute commitment of the Group. This critical area benefits from direct oversight integrated within the Board's ESG governance framework, with day-to-day management responsibilities delegated to the Group's dedicated procurement and HR departments.

Compliance with Malaysian human and labour rights legislation is strictly mandated for all employees and third-party contractors. These mandates specifically address worker welfare, the prevention of child labour and robust anti-human trafficking measures. Non-compliance carries stringent repercussions, including but not limited to contract termination or the initiation of legal proceedings.

SKRB proactively assesses its labour and human rights risks and is dedicated to addressing any potential for exploitation within its supply chain. In FY2025, the Group is proud to have maintained its strong record, with zero reported violations related to labour standards, human rights abuses, child labour, or human trafficking.

Grievance Mechanism

SKRB's commitment to accountability, transparency and ethical conduct is upheld through robust reporting mechanisms that are both secure and confidential. To facilitate this, the Group provides avenues for employees and stakeholders to report grievances, misconduct, or concerns—including those related to human rights, harassment, or policy violations—without fear of reprisal. Submissions can be made through an immediate manager, HR representatives, or a dedicated whistleblowing platform accessible to both internal and external parties.

Upon receiving a report, the Group is committed to a swift investigation and takes appropriate corrective action when SKRB is found to have caused or contributed to any adverse impacts. This process reinforces an organisation-wide culture of integrity and transparency.

SUSTAINABILITY STATEMENT (CONT'D)

Community Development

SKRB is committed to its role as a responsible corporate citizen, striving to create a tangible, positive impact within the communities where it operates. To ensure its efforts are both strategic and effective, the Group has established two key focus areas for its community investments: Supporting Vulnerable and Marginalised Communities and Supporting Environmental Stewardship. The first area is dedicated to assisting those in need, including the poor, homeless individuals, children, the elderly, people with disabilities and refugees. The second focus area is centred on protecting the environment through initiatives such as biodiversity conservation, climate action, waste reduction and ensuring access to clean water.

Recognising climate change and biodiversity loss as a relevant issue and risk, SKRB provided a donation of RM4,000 to the WWF Malaysia in FY2025. This contribution supports biodiversity conservation and climate efforts, and reflects a strategic alignment with the Group's business priority of ensuring a sustainable supply of raw materials for its furniture manufacturing and wood processing operations.

Further extending its community development efforts, the Group contributed food supplies, daily necessities and another RM4,058 in FY2025 specifically to the Orang Asli community in Kelantan. The contribution could be used for initiatives such as improving water sanitation facilities, funding health and nutrition programmes, or supporting small-scale agricultural projects to enhance food security and income generation. This support aligns with internationally recognised human rights pertaining to indigenous people and reflects the Group's commitment to improving their wellbeing and quality of life.



SUSTAINABILITY STATEMENT (CONT'D)

FY2025 Beneficiary Organisation	Amount (RM)
WWF	4,000
Refugee School	1,053
Kelantan Orang Asli communities	4,058
Social club in Bakri, Muar	1,500
Muar Furniture Association	4,400
Local Religious Society	2,500
S.J.K (C) Yu Jern	5,000
TOTAL	22,511

Community Development Performance Data	FY2025
Total amount invested where the target beneficiaries are external to SKRB (RM)	22,511
Total time spent by employees on community impact programmes and volunteering (Hours)	62

Social responsibility is a core component at SKRB's with employee engagement serving as a key driver. In FY2025, a strong culture of giving back was evidenced by staff members collectively dedicating 62 hours to volunteering in various community impact programmes. These proactive efforts serve to strengthen community relations while simultaneously enhancing SKRB's brand visibility and reputational standing.

Moving forward, SKRB remains dedicated to exploring innovative strategies to deepen its community involvement, with the goal of creating a significant positive impact in the lives of those around it.

SUSTAINABILITY STATEMENT (CONT'D)

ESG PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2023	2024	2025
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Directors	Percentage	10.00	0.00	0.00
Managerial Staff	Percentage	52.00	0.00	0.00
Executive staff	Percentage	1.00	0.00	0.00
Operational staff	Percentage	4.00	0.00	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	11,754.00	22,511.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	2,145	7
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Managerial Staff Under 30	Percentage	10.00	4.30	0.00
Managerial Staff Between 31-50	Percentage	55.00	52.20	50.00
Managerial Staff Between 51-65	Percentage	30.00	39.10	45.45
Managerial Staff Above 66	Percentage	5.00	4.30	4.55
Executive Staff Under 30	Percentage	14.80	22.20	22.58
Executive Staff Between 31-50	Percentage	74.10	66.70	67.74
Executive Staff Between 51-65	Percentage	11.10	11.10	9.68
Executive Staff Above 66	Percentage	0.00	0.00	0.00
Operational Staff Under 30	Percentage	36.10	44.90	48.48
Operational Staff Between 31-50	Percentage	60.30	52.20	48.07
Operational Staff Between 51-65	Percentage	3.20	2.40	3.04
Operational Staff Above 66	Percentage	0.50	0.60	0.41
Gender Group by Employee Category				
Managerial Staff Male	Percentage	55.00	54.00	63.64
Managerial Staff Female	Percentage	45.00	46.00	36.36
Executive Staff Male	Percentage	19.00	30.00	25.81
Executive Staff Female	Percentage	81.00	70.00	74.19
Operational Staff Male	Percentage	96.00	96.00	95.99
Operational Staff Female	Percentage	4.00	4.00	4.01
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	62.50	62.50	62.50
Female	Percentage	37.50	37.50	37.50
Under 30	Percentage	12.50	0.00	0.00
Between 31-50	Percentage	50.00	66.70	62.50
Between 51-65	Percentage	37.50	33.30	37.50
Above 66	Percentage	0.00	0.00	0.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	6,344.42	5,663.83	7,539.94
Bursa (Health and safety)				

Internal assurance External assurance No assurance (*)Restated

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2023	2024	2025
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.51	0.58	1.02
Bursa C5(c) Number of employees trained on health and safety standards	Number	66	24	25
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	168	1,070	615
Executive	Hours	245	310	661
Operational	Hours	1,021	161	726
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	0	4	2
Executive	Number	5	2	9
Operational	Number	163	77	208
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.68	98.90	99.60
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	0.030000	0.020000	0.030000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	18,071.74
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	17,180.27
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	891.47
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	-	-	529.82
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	-	-	2,470.21
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	409.04

Internal assurance External assurance No assurance

(*)Restated

SUSTAINABILITY STATEMENT (CONT'D)

IFRS S1, IFRS S2 & TCFD INDEX

IFRS & TCFD Disclosures		IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
GOVERNANCE	a) Board Oversight	All sustainability and ESG matters, including climate-related risks and opportunities, are directly overseen by the Board through the RMSC. The RMSC, chaired by an Independent Non-Executive Director and comprising another Independent Non-Executive Director and an Executive Director, meets at least twice annually to review fiscal, operational, sustainability, climate-related and risk management matters across the Group. In FY2023, the Group established an Internal ESG Committee to operationalise its ESG and climate strategy. Led by SKRB's Head of ESG, who is also an Executive Director, and supported by the CFO, HR and Admin Manager and Head of Operations, this committee coordinates sustainability efforts across SKRB's departments and divisions. The Board and Management of SKRB have made considerable efforts to fulfil Practices 4.1 to 4.5 of the MCCG 2021, including regular participation in ESG briefing and training sessions to ensure they stay abreast with developments in the sphere of sustainability. In FY2024, SKRB formalised its ESG KPIs and Targets to enhance performance accountability. Management of these KPIs and targets fall under the purview of the Internal ESG Committee, with oversight from the RMSC. With this in place, the Group is now working on establishing the mechanism to link the achievement of these targets with the performance evaluations and remuneration considerations of the Board and Management of SKRB. For further details, refer to the Sustainability Governance Structure on pages 10-11, and the Board and Management Responsibility on ESG & Climate Change on page 12 of AR2025.	
	b) Management's Role		

SUSTAINABILITY STATEMENT (CONT'D)

IFRS & TCFD Disclosures		IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
STRATEGY	a) Risks and Opportunities	The specific risks and opportunities of SKRB's material sustainability matters, including its current and anticipated effects on SKRB's business model and value chain, are outlined in the ESG Risks and Opportunities section on pages 24-25 of AR2025. The impacts of these ESG risks and opportunities on SKRB's 6 types of capitals (namely financial, manufactured, intellectual, human, social and natural capitals) are also disclosed therein. Additionally, the Group is working on quantifying the effects of these sustainability risks and opportunities on SKRB's financial position, starting with the financial savings from RE adoption, cost of fines from regulatory non-compliances, to provide added insights to aid the Board and Management's decision-making on the Group's business plan and strategies.	The Board and Management of SKRB are cognisant of the potential impact of climate-related risks on the Group's cash flows, reputation and licence to operate. This includes potential loss of market access, as well as access to financing from investors and lenders. Hence, SKRB is exploring the feasibility of undertaking a climate risk assessment and scenario analysis exercise with its appointed ESG Consultant to identify climate-related risks and opportunities in a systematic and strategic manner to mitigate their potential impact on the Group's financial bottom line in the short, medium and long-term. The findings from this exercise will further aid the Board and Management in taking climate-related risks and opportunities into account when deliberating on the Group's business plans, strategies and resource allocation considerations. In the meantime, SKRB has incorporated renewables into the Group's energy portfolio to lower our carbon footprint and potentially derive long-term savings from our reduced dependency on purchased electricity. Tracking of the Group's Scope 3 emissions from business travel and employee commuting dimensions have also been initiated in FY2024. Please see Climate Change and Energy Consumption on pages 34-36 of AR2025 for more information.
	b) Impact on Business Model and Value Chain		
	c) Strategy and Decision-making		
	d) Financial Position		
	e) Resilience of Strategy		
RISK MANAGEMENT	a) Risk ID and Assessment Processes	The Group has established a comprehensive risk management framework, which includes the annual identification of all ESG risks, including those related to climate change, through its Materiality Assessment process. A full-scale Materiality Assessment is conducted every 3 to 5 years (most recently in March 2022), with limited-scale desktop assessments performed during the interim years. The outcomes of these assessments are presented to the RMSC for further consideration and integration into the Group's broader risk management strategies. While SKRB does not currently have a dedicated process for assessing climate-related risks and opportunities, the Group is exploring the feasibility of conducting a climate risk assessment and scenario analysis in collaboration with its appointed ESG consultant. Further details on the Group's Stakeholder & Materiality processes can be found on pages 12-15, with the Group's overall risk management framework outlined in the Statement on Risk Management and Internal Control on pages 101-103 of AR2025. The Anticipated or Known Risks identified by the Group are detailed in the Management Discussion & Analysis section of AR2025 on page 2.	
	b) Risk Management Processes		
	c) Integration into Overall Risk Management		

SUSTAINABILITY STATEMENT (CONT'D)

IFRS & TCFD Disclosures		IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
METRICS & TARGETS	a) Metrics Used	The KPIs tracked for each material ESG matters, including Climate-related metrics, are disclosed in the Sustainability Scorecard on pages 17-18. The progress and performance against these annual, short- and long-term targets are disclosed therein as well. Further information on the performance metrics can also be found in the topical disclosure section of the respective material matters from pages 19-49. In line with the recommendations of IFRS S1 and S2, SKRB has also begun to consider and adopt the disclosure recommendations of SASB's Building Products and Furnishing Sector Standards. The Group's SASB Disclosure can be found on page 54. The Group has also complied with the Bursa Malaysia mandated disclosure of 3-year performance data (on a rolling basis) for all common sustainability matters and their respective indicators, which can be found on pages 51-52.	
	b) Performance Data		
	c) Targets Set		

SASB DISCLOSURE

Code	Description	Disclosure/Performance/Location
BUILDING PRODUCTS & FURNISHINGS		
CG-BF-130a.1	Total energy consumed (GJ)	27,143.80 GJ
	Percentage of grid electricity consumed (%)	80.2%
	Percentage of renewable energy consumed (%)	19.8%
Product Lifecycle Environmental Impacts		
CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Please refer to Resource Stewardship on page 13
	Weight of end-of-life material recovered (tonnes)	17,180.27 tonnes
Wood Supply Chain Management		
CG-BF-430a.1	Total weight of wood fibre materials purchased (tonnes)	43,611 tonnes
	Percentage of wood fibre materials sourced from thirdparty certified forestlands (%)	Please refer to Resource Stewardship on page 13
	Percentage of wood fibre materials sourced from thirdparty certified forestlands by standard (%)	Please refer to Resource Stewardship on page 13
	Percentage of wood fibre certified to wood fibre standards (%)	Please refer to Resource Stewardship on page 13
	Percentage of wood fibre certified to wood fibre standards by standards (%)	Please refer to Resource Stewardship on page 13

ASSURANCE STATEMENT



VAERSA

9th October 2024

SERN KOU RESOURCES BERHAD

Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1,
Kawasan Perindustrian Bukit Bakri, Mukim Bakri,
84200 Muar, Johor, Malaysia.

Attention: Mr. Chua Oou Chuan (Chairman of Risk Management and Sustainability Committee)

**INDEPENDENT LIMITED ASSURANCE STATEMENT ON SUBJECT MATTER
INFORMATION IN SERN KOU RESOURCES BERHAD'S SUSTAINABILITY STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 ("SS2025")**

To the Board of Directors of Sern Kou Resources Berhad

We, Vaersa Advisory Sdn. Bhd. have been engaged by Sern Kou Resources Berhad ("SKRB" or the "Group") to perform an independent limited assurance engagement on selected sustainability indicators (hereinafter referred to as the "Subject Matter Information") as reported by SKRB in its Sustainability Report for the year ended 30 June 2025 ("Sustainability Report FYE2025").

Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the SKRB's Sustainability Report FYE2025 for the year ended 30 June 2025 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Subject Matter Information

In strengthening the credibility of our reporting, this Sustainability Statement has been subjected to independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Company's Audit Committee.

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ASSURANCE STATEMENT (CONT'D)



VAERSA

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance	Technology and Innovation	Implementation of SAP	100% by FY2025	Achieved.	Achieved and verified.
	Product Safety and Quality	Product recall rate	Zero incidents per annum	Achieved.	Achieved and verified.
		Product defect rate	Less than 10 defect incidents per annum	Achieved with only 1 defect incident in FY2025.	Achieved and verified.
		ISO9001:2015 Certification	Annual Compliance	Achieved compliance as per the audit conducted in April 2025.	Achieved and verified.
	Product / Brand Appeal	Customer Satisfaction Levels	4 out of 4 per annum	Partial achievement. A total of 3 out of 4 customer satisfaction scores in FY2025.	Progress should be monitored to stay on track with the milestone.
		Customer Complaint Response Rate	100% of customers complaints received and responded within 3 working days	Achieved with only 1 customer complaint received and being resolved within 1 working day in FY2025.	Achieved and verified.

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ASSURANCE STATEMENT (CONT'D)



VAERSA

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below: (Cont'd)

Type of Assurance	Material Matters	Subject Matter	Target	Progress Performance /	Conclusion
Independent Assurance (Cont'd)	Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2025 against FY2024's baseline	Achieved. With a record of total of 529.82 tCO ₂ e of Scope 1 emissions from the consumption of 196,250 litres of diesel, representing a 20% increase in absolute emissions compared to FY2024. However, Scope 1 emissions intensity over sales decreased significantly by 16.8%, from 1.31 to 1.09 tCO ₂ e per RM'mil sales.	Achieved and verified.
		Scope 2 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2025 against FY2024's baseline	Achieved. With a total of 2,470.21 tCO ₂ e of Scope 2 emissions from 4,483,147 kWh of grid electricity consumed, a 17% increase in absolute emissions compared to FY2024. However, Scope 2 emissions intensity over sales improved significantly, decreasing from 6.24 to 5.28 tCO ₂ e per RM'mil sales (a 18.6% reduction), far exceeding the 2% reduction target.	Achieved and verified.

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ASSURANCE STATEMENT (CONT'D)



VAERSA

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below: (Cont'd)

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance (Cont'd)	Climate Change (Emissions)	Total Scope 1 & 2 Carbon Emissions Intensity over Sales (tCO ₂ e/RM'mil)	5% Reduction in FY2025 against FY2024's baseline	Achieved. SKRB recorded 3,000.03 tCO ₂ e in combined Scope 1&2 emissions, a 17.48% increase in absolute emissions from FY2024 (2,553.64 tCO ₂ e). However, the Group's Scope 1 & 2 emissions intensity over sales reduced significantly by 18.4%, declining from 7.55 to 6.16 tCO ₂ e/RM'mil.	Achieved and verified.
	Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	2 out of 7 business units adopt solar power by FY2025	Achieved. 2 out of 7 Business Units have commenced using solar generated energy.	Achieved and verified.
		Progressive Adoption of Renewable Energy ("RE")	8% RE Adoption for electricity in Group Operations by FY2025; 40% RE by FY2030	Achieved. 19.87% of Electricity Consumed in FY2025 is from renewable sources. On track towards long term target of 40% RE adoption by FY2030.	Achieved and verified.

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ASSURANCE STATEMENT (CONT'D)



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The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below: (Cont'd)

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance (Cont'd)	Water Consumption	Water Consumption Intensity over Total Operational Area	3.5% Reduction by FY2030 against FY2023's baseline	Water intensity reduced by 3.7% in FY2025 against the baseline with a total of 27,422 m3 water consumed over 749,199 sqft of total operational area. On track towards achievement.	Achieved and verified.
		Effluent discharge and water pollution non-compliance	Zero incidents per annum	Achieved.	Achieved and confirmed.
			Zero incidents per annum	Achieved.	Achieved and confirmed.
	Waste Management and Recycling	Recycled / Repurposed Waste	100% waste diverted from disposal per annum	Achieved with 18,072 tonnes of waste generated and diverted from disposal.	Achieved and verified.
	Environmental and Social Compliance	Incidents of legal non-compliance on environmental pollution leading to fines or non-monetary action from authorities	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Major and minor spills and air pollution incidents	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Substantiated complaints related to environmental pollution from neighbouring communities	Zero complaints per annum	Achieved.	Achieved and confirmed.

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ASSURANCE STATEMENT (CONT'D)



VAERSA

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below: (Cont'd)

Type of Assurance	Material Matters	Subject Matter	Target	Progress Performance /	Conclusion
Independent Assurance (Cont'd)	Environmental and Social Compliance	Substantiated cases of human rights violation (including child labour and forced labour)	Zero cases per annum	Achieved.	Achieved and confirmed.
	Occupational Health and Safety	Number of Fatalities	Zero fatalities per annum	Achieved.	Achieved and confirmed.
		Number of Lost Time Injury ("LTI") Rate	Less than 5 LTI incidents in FY2025	Partially achieved with a total of 9 LTI incidents in FY2025.	Progress should be monitored to stay on track with the milestone.
	Talent Management	Employee Training Hours	At least 25 training hours per employee on average annually	Partially achieved with a total of 17 training hours per employee on average in FY2025.	Progress should be monitored to stay on track with the milestone.
		Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	Achieved with women representing 36.36% of managerial staff and 74.19% of executive staff in FY2025.	Achieved and verified.
	Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM12,000 in FY2025	Achieved with a total contribution of RM22,511.00 in FY2025.	Achieved and verified.
		Employee Volunteerism	60 hours of volunteering in FY2025	Achieved with total employee time spent on community impact programmes recorded as 62 hours.	Achieved and verified.

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ASSURANCE STATEMENT (CONT'D)



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The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below: (Cont'd)

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance (Cont'd)	Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Employee Acknowledgement of Anti-Bribery & Anti-Corruption Policy	100% by FY2025	Achieved.	Achieved and verified.
		Vendor Acknowledgement of ABAC Policy	60% by FY2025	Achieved with 207 out of 318 (65%) vendors that have acknowledged compliance with ABAC Policy.	Achieved and verified.
	Financial and ESG Risk Management	Risk Assessment and Review Conducted at the Group Level	Annual compliance	Achieved. Risk assessment conducted in November 2024.	Achieved and confirmed.
	Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	Achieved.	Achieved and confirmed.

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ASSURANCE STATEMENT (CONT'D)



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***Reporting Criteria**

- (a) The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which SKRB is solely responsible for selecting and applying. The Reporting Criteria used for the reporting of the Subject Matter Information.
- (b) SS2025 has been prepared in compliance with Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements"). Other reporting standards, frameworks and guidelines referenced include:
- Bursa Malaysia Sustainability Reporting Guide (3rd Edition) – In Accordance
 - Global Reporting Initiative ("GRI") 2021 (Core Option) – With Reference
 - FTSE4Good Bursa Malaysia ("F4GBM") Index – With Reference
 - Task Force on Climate-related Financial Disclosure ("TCFD") – In Alignment
 - International Financial Reporting Standards ("IFRS") – With Reference
 - United Nations Sustainability Development Goals ("UNSDGs") – In Alignment
 - Sustainability Accounting Standards Board ("SASB") – With Reference
 - National Sustainability Reporting Framework ("NSRF") – With Reference

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ASSURANCE STATEMENT (CONT'D)



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Management's Responsibility

The management of SKRB is responsible for the preparation of the Subject Matter Information included in SKRB's Sustainability Report FYE2025 in accordance with the Reporting Criteria. This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the SKRB's Sustainability Report FYE2025 as well as the design, implementation, and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by SKRB's which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating, and estimating such data. Our limited assurance report should therefore be read in conjunction with the Reporting Criteria.

A limited assurance engagement involves assessing the suitability in the circumstances of SKRB's use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our Independence and Quality Control

We have maintained our independence and confirm that we have adhered to the requirements of the Institute of Internal Auditors' (IIA) Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards), which are part of the International Professional Practices Framework (IPPF). We confirm that we have the requisite competencies and experience to perform this internal audit engagement.

In alignment with the IIA Standards, we also apply the principles of the Quality Assurance and Improvement Program (QAIP) to ensure the effectiveness and quality of our internal audit services. As required by the IIA, we have established a system of quality control that includes policies and procedures designed to uphold independence, compliance with ethical requirements, professional standards, and applicable legal and regulatory obligations.

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ASSURANCE STATEMENT (CONT'D)



VAERSA

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Gaining an understanding of SKRB's business, internal processes and approach to sustainability
- Conducting limited assurance procedures over the selected Subject Matter and disclosures, including:
 - Undertaking analytical procedures to support the reasonableness of the data.
 - Checking that the calculation Criteria have been applied as per the methodologies for the Subject Matter within the Statement.
 - Identifying and testing assumptions supporting calculations
 - Testing, on a sample basis, underlying source information to check accuracy of the data
 - Performing recalculations of performance indicators using input data
 - Checking that measurements made at the end of the reporting period are timely entered in the records and the sustainability statement.
 - Obtaining appropriate representations from management, in the form of a management representation letter addressed to us to confirm that the management believes that it has fulfilled its responsibilities.

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ASSURANCE STATEMENT (CONT'D)



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Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of SKRB in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by SKRB in its Sustainability Report FYE2025 and should not be used or relied upon for any other purposes.

We consent to the inclusion of this report in the SKRB's Sustainability Report FYE2025 to be disclosed on the website of SKRB at <https://www.sernkou.com/sernkougroup/annual-report/> to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of SKRB's Sustainability Report FYE2025. As a result, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

Yours faithfully,

Quincy Gan Hoong Huat
Executive Director

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DIRECTORS' PROFILE

ONN KIEN HOE

*Chairman and
Independent Non-Executive Director*



60 years of age



Male



Malaysia

MR ONN KIEN HOE was appointed as an Independent Non-Executive Chairman of SKRB on 25 November 2022.

He completed his professional qualification with the Association of Chartered Certified Accountants (U.K.) in 1988 and has been in the accounting profession since then. He is a fellow member of the Association of Chartered Certified Accountants ("ACCA"). He is also a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Kampuchea Institute of Certified Public Accountants and Auditors.

Mr Onn Kien Hoe is a partner with Crowe Malaysia PLT, an internationally affiliated accounting firm. His role includes acting as

the Head of the Corporate Advisory Division of Crowe Malaysia. He is also a Director in Crowe (KH) Co., Ltd, where he is also responsible for the operations of Crowe in Cambodia.

He has extensive experience in the disciplines of audit, advisory and insolvency. He has participated in cross border transactions including mergers and acquisitions, listing, reverse takeovers, due diligence reviews and valuation assignments. His cross-border experience involves transactions on international stock exchanges including London, Hong Kong, Singapore, Australia, Cambodia and Malaysia.

He has served as an examiner for the Malaysian Institute of Certified Public Accountants, a member of the Interpretation Committee of the Malaysian Accounting Standards Board and a member of the General Committee of Malaysian International Chamber of Commerce and Industry.

Currently, he is the Independent Non-Executive Director of Zurich Life Insurance Malaysia Berhad, a public limited company. Mr Onn has also been appointed as an Independent Non-Executive Director in Anglo-Eastern Plantations PLC, a company listed on the Main Market of the London Stock Exchange, on 1 August 2025.

LOW PENG SIAN @ CHUA PENG SIAN

Managing Director



57 years of age



Male



Malaysia

MR LOW PENG SIAN @ CHUA PENG SIAN was appointed as the Chief Operating Officer/Executive Director of SKRB on 17 November 2009 and re-designated as the Managing Director on 1 January 2015.

He has extensive experience in running logging and saw milling, wholesale and trading in sawn timber, tropical hardwood and rubber wood as well as trading in hardware and building materials for the past 30 years. He is currently a director of CPS Resources Sdn. Bhd., Kuala Puri Development Sdn. Bhd., Kuala Puri Resources

Sdn. Bhd., Perladangan Paloh Inai Sdn. Bhd., Strait Community Sdn. Bhd., Total Modern Development Sdn. Bhd., MCKIFT Management Committee Sdn. Bhd., Golden Vision Land Sdn. Bhd., Rawang Cement Products Sdn. Bhd., RCP Ready Mix Sdn. Bhd., Venue Vision Sdn. Bhd., Genius Success Capital Sdn. Bhd., Mukmanan Resources Sdn. Bhd., Secret Wish Sdn. Bhd., Sejati Tropika Sdn. Bhd., I&I Land Sdn. Bhd., I&I Industrial Development Sdn. Bhd., I&I Group Sdn. Bhd., United Capital Development Sdn. Bhd., UPG Development Sdn. Bhd., I&I Construction & Engineering Sdn. Bhd., Prima Alliance Sdn. Bhd., One Ample Sdn. Bhd. and CPS Capital Sdn. Bhd. He is also founder and director of Pelangi Technowood Sdn. Bhd.

As the Managing Director of the Company, his responsibilities are to ensure and maintain efficient and effective management of the Group's operations and resources.

Mr Lee Shen Wang, the Executive Director of the Company, is the son of Mr Low Peng Sian @ Chua Peng Sian's sister.

DIRECTORS' PROFILE (CONT'D)

LOO ENG HUA

Non-Independent Non-Executive Director



61 years of age



Male



Malaysia

MR LOO ENG HUA was appointed as the Executive Director of SKRB on 19 October 2010. He was re-designated as Non-Independent Non-Executive Director of the Company on 25 November 2020. He is a member of Nomination and Remuneration Committee.

He is a Chartered Accountant and Certified Public Accountant. He is a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Prior to joining SKRB, he held Finance Manager, Financial Controller, Senior General Manager and Chief Executive Officer for various companies involved in various business activities. Throughout his working career, he has been deeply involved in corporate advising and strategised the business plan particularly in reorganising, reprofiling the financial position of the companies.

LEE SHEN WANG

Executive Director



32 years of age



Male



Malaysia

MR LEE SHEN WANG was appointed as the Executive Director of SKRB on 21 August 2019. He is member of Risk Management and Sustainability Committee.

from 2016 assisting the sales and marketing functions. He was subsequently promoted to General Manager in 2018 to oversee daily management and operations of SKFI.

He attended high school in Hin Hua High School and passed the Unified Examination Certificate ("UEC") – Art & Commercial Stream in year 2011.

He is responsible for screening and evaluation of the Group's business growth and risk management as well as managing all potential projects, projects in hand and after sales support.

In 2014, he joined Sern Kou Furniture Industries Sdn. Bhd. ("SKFI") as a purchasing executive. He then served as marketing executive

Mr Lee Shen Wang is the nephew of Mr Low Peng Sian @ Chua Peng Sian, the Managing Director and major shareholder of the Company.

SIAH CHEW PENG

Executive Director



47 years of age



Female



Malaysia

MS SIAH CHEW PENG was appointed as the Executive Director of SKRB on 16 June 2020. She is the Head of Internal ESG Committee of the Company.

She began her career as audit assistant for KL Tan & Co. from 2000 to 2004 and joined Hock Hai Group Holdings Sdn. Bhd. as Group Finance Manager and Takaso Rubber Products Sdn. Bhd. as Accountant.

She joined SKRB since 1 April 2007 as Chief Financial Officer ("CFO") and subsequently resigned and nominated to be appointed as the Executive Director of the Company. She had responsible for overseeing the corporate finance function of the Group and accounting, financial administration and tax related matters as well as the compliance and reporting obligations of the Group such as cash flow planning, financial analysis and financial reporting over the past 15 years.

Ms Siah Chew Peng is graduated from Murdoch University, Perth, Western Australia. She is a Chartered Accountant of the Malaysian Institute of Accountants and Certified Practising Accountants of CPA Australia.

DIRECTORS' PROFILE (CONT'D)

TEH SU-CHING

Independent Non-Executive Director



50 years of age



Female



Malaysia

MS TEH SU-CHING was appointed as the Independent Non-Executive Director of SKRB on 25 November 2021. She is the Chairperson of Audit Committee and a member of Risk Management and Sustainability Committee.

She is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of Association of Certified Accountants ("ACCA"), a Member of the Institute of Chartered Accountants in England and Wales ("ICAEW") and a Member of the Institute of Leadership ("MIoL"), United Kingdom.

She has more than 25 years of working experience in audit, corporate advisory, business development, corporate finance,

accounting and financial management. She started her career in Crowe Malaysia PLT in the audit division and after 14 years, left Crowe as a Director in the Corporate Advisory division.

In 2010, she joined Tonik Asia Group, a healthcare company, as its CFO. Thereafter, she joined Tradewinds Plantation Berhad ("Tradewinds") as a Head of Business Development. Midway in her career in Tradewinds, she switched her role to a General Manager of Finance and involved in project management and handled several key initiatives in Information Technology, Human Resources, Legal and Finance Department.

She is currently an advisor to a local FMCG company in the e-Commerce sector. She is also a certified volunteer with the Tzu Chi Foundation in Malaysia.

Ms Teh Su-Ching is an Independent Non-Executive Director of Foodie Media Berhad. She also serves as an Independent Non-Executive Director of Notion Vtec Berhad and Pimpinan Ehsan Berhad, both of which are public-listed companies.

SEOW JING HUI

Independent Non-Executive Director



39 years of age



Female



Malaysia

MS SEOW JING HUI was appointed as the Independent Non-Executive Director of SKRB on 20 October 2022. She is a member of Audit Committee and Nomination and Remuneration Committee.

Ms Seow holds an LLB (Hons) from Multimedia University and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2011. She is currently the Managing Partner of Messrs

Ling & Theng Book, where she oversees a broad range of legal practices with a focus on conveyancing, corporate and banking law. Her professional experience includes extensive involvement in the property development sector, encompassing project management, regulatory compliance and approvals, as well as sales administration. She has also been engaged in the drafting and negotiation of complex commercial agreements and other corporate transactions.

In addition to her legal practice, Ms Seow contributes to community service as a founding member of the Lions Club of KL Agape Star, where she has undertaken various leadership roles. She also serves as an Independent Non-Executive Director of Rexit Berhad, a public listed company on Bursa Securities and appointed as the Commissioner for Oaths Malaya by the Chief Justice of Malaysia.

DIRECTORS' PROFILE (CONT'D)

CHUA OOU CHUAN

Independent Non-Executive Director



49 years of age



Male



Malaysia

MR CHUA OOU CHUAN (“Anderson”) was appointed as the Independent Non-Executive Director of SKRB on 20 October 2022. He serves as the Chairman of the Nomination and Remuneration Committee, the Risk Management and Sustainability Committee, and is a member of the Audit Committee.

Anderson is a highly accomplished professional with a diverse background in finance, accounting and international business. He graduated from Universiti Putra Malaysia and has been a Chartered Accountant with the Malaysian Institute of Accountants since 2004.

His career includes a pivotal role as the CFO of AmFund Management Berhad, where he served from 2008 to 2017. In this capacity, he oversaw all financial matters and played a crucial

role in creating value for shareholders and clients. He also served as a member of the Credit Risk Committee and led the Strategist & Program Management Office. Additionally, Anderson was an Independent Advisor at BIMB Investment from 2021 to 2022, a wholly-owned subsidiary of Bank Islam.

Beyond his extensive experience in the banking industry, Anderson brings valuable international expertise in the tourism, hospitality and fintech industries.

Committed to social responsibility, Anderson actively contributes to various initiatives. He serves as a Committee Member at Tung Shin Hospital Kuala Lumpur, and as an Industry Expert Advisory Panel member at Tunku Abdul Rahman University of Management and Technology and Universiti Putra Malaysia. He is also a member of the Institute of Corporate Directors Malaysia (“ICDM”) and a committee member of the Malaysia-New Zealand Chamber of Commerce (“MNZCC”), where he works to strengthen bilateral trade relationships between the two nations.

Anderson is also the Deputy Chairman and Non-Independent Non-Executive Director of Rexit Berhad, a public listed company.

Notes to Directors' profile:

1. Family Relationships

Save for Mr Low Peng Sian @ Chua Peng Sian and Mr Lee Shen Wang, none of the Directors have any family relationship with any Director and/or major shareholders of the Company.

2. Conflict of Interest

None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business or any business arrangement involving the Company and the Group.

3. Conviction of Offences

None of the Directors have any conviction for offences other than traffic offences within the past five years. There is no sanction or penalty imposed on the Directors by relevant regulatory bodies during the financial year end.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 91 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company and its subsidiaries are set out on Page 178 of this Annual Report.

6. Directorship in other public companies

Save as disclosed above, none of the other Directors hold any directorship in public companies or subsidiaries of public companies.

KEY SENIOR MANAGEMENT

TANG CHOON YEN



49 years of age



Female



Malaysia

MS TANG CHOON YEN was appointed as Chief Financial Officer of the Company on 16 June 2020.

She graduated with a Bachelor of Commerce in Accounting and Finance from Curtin University of Technology, Perth, Australia.

She is a Chartered Accountant (“CA”) of the Malaysian Institute of Accountants (“MIA”) and Certified Practising Accountant (“CPA”) of CPA Australia.

Ms Tang brings more than 20 years of professional experiences spanning external audit, corporate finance and operational management. She began her career with Horwath Wong & Co. in 1999, before joining Arthur Andersen & Co., subsequently taken over by Ernst & Young in 2002.

She subsequently served as Accountant cum Administrative Manager in Yeu Hong Furniture Industries Sdn. Bhd. from 2003 to 2018, where she managed end-to-end finance functions, led compliance and reporting processes and played a key role in human resources and administrative oversight.

In 2018, Ms Tang joined the Company as Group Accountant. In this capacity, she was instrumental in strengthening the Group’s financial reporting, budgeting and consolidation processes, as well as supporting corporate exercises and liaising with auditors, tax agents and regulatory authorities. Her leadership and technical expertise led to her appointment as Chief Financial Officer in 2020, where she continues to drive financial strategy, risk management and corporate governance for the Group.

In addition to her corporate career, Ms Tang is actively involved in community service. She currently serves as Secretary of Association of Zhineng Qigong, where she contributes her organisational and leadership skills to promote health and community wellbeing through charitable and wellness activities.

STELLA SIOW LI PING



46 years of age



Female



Malaysia

MS STELLA SIOW LI PING was appointed as Administration Manager on 22 December 2014.

She supports the business operation by supervising staff, planning, organising and implementing the administrative system and

ensuring the operation team adheres to the SKRB Group’s policies and regulation. She is also responsible for overseeing the facilities services and maintenance activities.

Ms Stella Siow graduated from University Science Malaysia with Bachelor of Science (Humanities) Hons. She joined Evergreen Fibreboard Berhad as an Executive in Administration from 2004-2010 and subsequently an Administration Manager in Soon Her Sing Ind. Sdn. Bhd. (ACMI) from 2010 to 2014.

Notes to Directors’ profile:

1. Family Relationships

None of the Key Senior Management has any family relationship with any Director and/or major shareholders of the Company.

2. Conflict of Interest

None of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business or any business arrangement involving the Company and the Group.

3. Conviction of Offences

None of the Key Senior Management has any conviction for offences other than traffic offences within the past five years.

4. Directorship in other public companies

Save as disclosed above, none of the Key Senior Management holds any directorship in public companies.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Onn Kien Hoe

Chairman/Independent Non-Executive Director

Low Peng Sian @ Chua Peng Sian

Managing Director

Loo Eng Hua

Non-Independent Non-Executive Director

Lee Shen Wang

Executive Director

Siah Chew Peng

Executive Director

Teh Su-Ching

Independent Non-Executive Director

Seow Jing Hui

Independent Non-Executive Director

Chua Oou Chuan

Independent Non-Executive Director

AUDIT COMMITTEE

Teh Su-Ching - *Chairperson*

Chua Oou Chuan

Seow Jing Hui

NOMINATION AND REMUNERATION COMMITTEE

Chua Oou Chuan – *Chairman*

Seow Jing Hui

Loo Eng Hua

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chua Oou Chuan – *Chairman*

Teh Su-Ching

Lee Shen Wang

CHARTERED SECRETARIES

Ng Sally

(SSM PC No. 202008002702 & MAICSA 7060343)

Goh Xin Yee

(SSM PC No. 202008000375 & MAICSA 7077870)

REGISTERED OFFICE

Lot PTD 6019 (Lot 8804),
Jalan Perindustrian 1,
Kawasan Perindustrian Bukit Bakri,
Mukim Bakri, 84200 Muar,
Johor Darul Takzim.

Telephone No. : 606.986.5562

Facsimile No. : 606.986.5569

Email : sernkou@sernkou.com

Website : www.sernkou.com



CORPORATE INFORMATION (CONT'D)



SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

[Registration No. 199601006647 (378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Telephone No. : 603.7890.4700
Facsimile No. : 603.7890.4670
E-mail : bsr.helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

AmBank Islamic Berhad
CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Maybank Islamic Berhad
RHB Islamic Bank Berhad

AUDITORS

Messrs BDO PLT
[201906000013 (LLP0018825-LCA) & AF 0206)]
Chartered Accountants
Suite 18-04, Level 18
Menara Zurich
15 Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim
Telephone No. : 607.331 9815
Facsimile No. : 607.331 9817

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
Main Market
Stock Name : SERNKOU
Stock Code : 7180
Sector : Consumer Products & Services
Sub-Sector : Household Goods

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting (“25th AGM”) of SERN KOU RESOURCES BERHAD (“Company” or “SKRB”) will be held at Level 2, Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim on Friday, 21 November 2025 at 11.00 a.m. or at any adjournment thereof, for the following purposes: -

1. To receive the audited financial statements for the financial year ended 30 June 2025 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who are retiring in accordance with Paragraph 97 of the Company’s Constitution: -
 - i) Mr Chua Oou Chuan **(Ordinary Resolution 1)**
 - ii) Ms Seow Jing Hui **(Ordinary Resolution 2)**
 - iii) Mr Loo Eng Hua **(Ordinary Resolution 3)**
3. To approve the payment of Directors’ Fees amounting up to RM800,000.00 for the financial year ending 30 June 2026. **(Ordinary Resolution 4)**
4. To approve the payment of Directors’ Remuneration (excluding Directors’ Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM2,800,000.00 for the period from 1 January 2026 until 31 December 2026. **(Ordinary Resolution 5)**
5. To re-appoint Messrs BDO PLT [201906000013 (LLP0018825-LCA) & AF 0206] as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications:-

6. **Ordinary Resolution**
- Proposed Waiver of Statutory Pre-Emptive Rights of the Shareholders and Authority to Issue Shares

“THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company.

THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Regulation 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.” **(Ordinary Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To transact any other business for which due notice has been given.

By Order of the Board

NG SALLY (SSM PC No. 202008002702 & MAICSA 7060343)
GOH XIN YEE (SSM PC No. 202008000375 & MAICSA 7077870)

Chartered Secretaries
Kuala Lumpur
23 October 2025

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy. Where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (3) Where a Member is an Exempt Authorised 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 Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 13 November 2025.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

(i) Item 1 of the Agenda

The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (“the Act”) does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting.

(ii) Item 2 of the Agenda – Ordinary Resolutions 1 to 3

Mr Chua Oou Chuan, Ms Seow Jing Hui and Mr Loo Eng Hua are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 25th AGM.

The Directors standing for re-election at the forthcoming 25th AGM of the Company are: -

i.	Mr Chua Oou Chuan	Paragraph 97	Ordinary Resolution 1
ii.	Ms Seow Jing Hui	Paragraph 97	Ordinary Resolution 2
ii.	Mr Loo Eng Hua	Paragraph 97	Ordinary Resolution 3

The Company’s Nomination and Remuneration Committee, having reviewed the performance and contribution of Mr Chua Oou Chuan, Ms Seow Jing Hui and Mr Loo Eng Hua respectively, was satisfied that each of them has performed and contributed to the effectiveness of the Board as a whole during the financial year.

The Board recommends shareholders to vote in favour of the re-election of Mr Chua Oou Chuan, Ms Seow Jing Hui and Mr Loo Eng Hua respectively based on the following consideration:-

- (i) satisfactory performance and have met Board’s expectation in discharging their duties and responsibilities;
- (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company; and
- (iii) their ability to act in the best interest of the Company in decision-making.

The profiles of the above retiring Directors are set out in the Annual Report 2025.

(iii) Items 3 and 4 of the Agenda – Ordinary Resolutions 4 and 5

Section 230(1) of the Act provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 25th AGM on the Directors’ Remuneration in two (2) separate resolutions as below: -

- Resolution 4 on payment of Directors’ Fees for the financial year ending 30 June 2026;
- Resolution 5 on payment of Directors’ Remuneration (excluding Directors’ Fees) payable to the Board of the Company and its subsidiaries for the period from 1 January 2026 until 31 December 2026 (“Relevant Period”).

The payment of the Directors’ Fees in respect of the financial year ending 30 June 2026 will only be made if the proposed Resolution 4 has been passed at the 25th AGM pursuant to Paragraph 105 of the Company’s Constitution and Section 230(1) of the Act.

The estimated total amount of remuneration (excluding Directors’ Fees) for the Relevant Period of RM2,800,000.00 comprise the insurance premium.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Payment of Directors' Remuneration (excluding Directors' Fees) will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the 25th AGM. The Board is of the view that it is just and equitable for the Directors to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the financial period. In the event where the payment of Directors' Fees in respect of the financial year ending 30 June 2026 and Directors' Remuneration (excluding Directors' Fees) payable for the Relevant Period exceeded the estimated amount sought at the AGM, a separate shareholders' approval will be sought at the next AGM.

(iv) Item 5 of the Agenda - Ordinary Resolution 6

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs BDO PLT ("BDO") and was satisfied with the suitability of BDO based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group.

The Board therefore approved the AC's recommendation on the re-appointment of BDO as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 25th AGM.

(v) Item 6 of the Agenda - Ordinary Resolution 7

The proposed Ordinary Resolution 7, if passed, will allow the Company to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate. Accordingly, the Company wishes to seek approval from the shareholders for the Directors to issue shares to any person, whether a member or not, in such numbers or proportions as the Directors may determine under this mandate.

This mandate, if passed, will also empower the Directors from the date of this AGM, to allot and issue up to a maximum of 10% of the issued shares of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The rationale for this general mandate is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new shares for future business opportunities and thereby reducing administrative time and cost associated with the convening of such meeting(s). The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placement of shares, for the purpose of future investment project(s), working capital, repayment of borrowings and/or acquisition.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 22 November 2024 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of SKRB (“the Company”) is pleased to present the Audit Committee (“the AC”) Report for the financial year ended 30 June 2025.

COMPOSITION OF AC

The composition of the AC are as follows:

Chairperson

Teh Su-Ching – Independent Non-Executive Director

Members

Chua Oou Chuan – Independent Non-Executive Director

Seow Jing Hui – Independent Non-Executive Director

AC MEETINGS

The AC met five times during the financial year ended 30 June 2025. The details of their attendance at meetings are as follows:-

Name of Members	No. of Meetings Attended	Percentage (%)
Teh Su-Ching	5/5	100
Chua Oou Chuan	5/5	100
Seow Jing Hui	5/5	100

The composition of the AC complied with the Paragraph 15.09(1)(a), (b) and (c) of the Main Market Listing Requirements of Bursa Securities which composed of three members and all the committee members are independent non-executive directors. The Chairperson of the AC, Ms Teh Su-Ching, an Independent Non-Executive Director of the Company, is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of Association of Certified Accountants (“ACCA”) and a Member of the Institute of Chartered Accountants in England and Wales (“ICAEW”).

Further, no alternate director is appointed as a member of the AC.

The Board assesses the performance of the AC through an annual Board Committee evaluation and is satisfied that they are able to discharge their function, duties and responsibilities in accordance with the Terms of Reference of the AC, which is published on the Company’s website.

The AC had reviewed all the conflict of interest or potential conflict of interest and related party transaction declarations made by the respective persons as at the financial year ended under review based on the adopted Conflict of Interest Policy and the latest Corporate Disclosure Policy, and concluded that sufficient disclosure of all conflict of interest or potential conflict of interest and related party transaction(s) had been made and properly documented, and there were no other conflict of interest or potential conflict of interest and related party transaction noted during the financial year under review.

The Group’s external auditors, internal auditors and certain designated members of Senior Management also attended the meetings at the invitation of the Chairperson of the AC to facilitate direct communication and to provide clarifications on the audit issues, operation matters as well as the risk management and internal controls of the Group.

The AC shall meet with the external auditors on separate sessions without the presence of Executive Directors and Management, whenever deemed necessary. The attendance of the external auditors and internal auditors at the AC meetings would facilitate the AC to raise their concerns, if any, on the audit reports, audit findings and the internal controls systems of the Group in order for the AC to discharge their duties and responsibilities.

AUDIT COMMITTEE REPORT (CONT'D)

AC MEETINGS (CONT'D)

After each AC meeting, the AC Chairperson submitted a report on matters deliberated to the Board for their attention and deliberation and conveyed to the Board the significant or major audit issues or concerns raised by the external auditors, internal auditors and the AC.

Matters reserved for the Board's approval were tabled at the Board meetings. The Company Secretary then documented the decisions made and actions required and forwarded to Management for their action.

The AC is guided by the Terms of Reference of the AC, which a copy of the same has been published on the Company's website at <http://www.sernkou.com>.

SUMMARY OF ACTIVITIES OF THE AC

In line with the Terms of Reference of the AC, the following activities have been undertaken by the AC during the financial year ended 30 June 2025, which are summarised as follows:-

- a) Ensuring Financial Statements Comply with Applicable Malaysian Financial Reporting Standards
 - Reviewed the quarterly financial results, audited financial statements and annual report of the Group and the Company and ensure, amongst others, that they comply with applicable Malaysian Financial Reporting Standards prior to submission to the Board for consideration and approval.
 - Reviewed any changes in the implementation of major accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Requirements of Bursa Malaysia Securities Berhad and other legal requirements.
 - Monitored the integrity of the financial statements of the Company and assessed whether the financial report represents a true and fair view of the Company's performance and ensured compliance with the regulatory requirements.
 - Proposed best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.
- b) Reviewing the Audit Findings of the External Auditors and Assessing the Performance, Suitability and Independence of External Auditors
 - Reviewed the external auditors' audit plans, its scope of work and nature for the year and for the Group.
 - Reviewed the external auditors' findings arising from audits and in particular, responses, appropriate action taken by Management.
 - Reviewed the results of the evaluation of the accounting policies and systems of internal controls within the Group and the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
 - Reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year and assessed the independence of the external auditors for the re-appointment as external auditors. The AC is of the opinion that the independence of the external auditors has not been compromised based on the independent confirmation provided by the external auditors.
 - Conducted private meetings with the External Auditors without the presence of Executive Directors or employees of the Group.
 - Reviewed the co-operation and assistance given by Management to the External Auditors.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AC (CONT'D)

- c) Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes
- Reviewed the internal audit plan and the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
 - Reviewed and discussed with the internal auditors, their audit findings, recommendations made, management's response to the audit findings and proposed action plans, including those issues arising during the course of audit (in the absence of Management where necessary).
 - Reviewed the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Company as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal controls system.
- d) Whistleblowing and Fraud
- Reviewed the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action; and reviewed the Company's procedures for detecting fraud.
 - Cultivated the awareness of the employees and ensured the whistleblower could report directly to the AC on any possible wrongdoings or fraud detected.
- e) Related Party Transactions and/or Conflict of Interest
- Reviewed related party transactions entered into by the Group and any conflict of interest or potential conflict of interest situation that may arise within the Group and ensured that all transactions are at arm's length basis. There were no material related party transactions noted during the financial year.
 - Reviewed the Gifts, Entertainment and Hospitality, Travel, Donations and Sponsorship Register for the financial year under review.
- f) Overseeing the Governance Practices in the Group
- Reviewed and issued the AC Report for inclusion in the Annual Report.
 - Reviewed the Statement on Risk Management and Internal Control and Statement on Corporate Governance to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval.
 - Reviewed the minutes of meetings of the AC.
 - Reviewed the insurance claim status and re-building of the manufacturing plants of Sern Kou Furniture Industries Sdn. Bhd., a wholly-owned subsidiary of the Company.
 - Reviewed the engagement of BDO Tax Services Sdn. Bhd. for the transfer pricing documentation.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

The Group's internal audit function which reports directly to the AC, is outsourced to a professional firm. The outsourced internal auditors assist the Board via the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.

The role of the internal audit function is independent and not related to the Group's external auditors. The scope of review of the outsourced internal audit function is determined and approved by the AC with feedback from Management. During the financial year under review, the outsourced internal audit function carried out reviews in accordance with the audit plan approved by the AC, which focused on areas with high risk and ascertain that the risks were effectively mitigated by controls.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS (CONT'D)

Summary of works undertaken by the internal auditors comprised the followings:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary to mitigate risk identified;
- Conducted internal audits and highlighted to the AC the audit findings which required follow-up actions by Management, any outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system; and
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were addressed appropriately within the required timeframe by Management.

During the financial year ended 30 June 2025, the outsourced internal audit function conducted regular reviews of business processes in accordance with the internal audit plan approved by the AC as follows:-

i) Follow-up Audit

- Sern Kou Plywood Sdn. Bhd. ("SKPW") – Operations & Inventory Management Review
- Sern Kou Furniture Industries Sdn. Bhd. ("SKFI") – Inventory Management Review
- Valued Products (M) Sdn. Bhd. ("VPM") and Souncern Timber Sdn. Bhd. ("ST") – Sales and Accounts Receivables Management Review and Employment Act 1955 & New Guidelines Review

ii) SKFI, VPM and ST – Financial Management, which basically covers:-

- Review of Finance Department Standard Operating Procedures ("SOP")
- Budgeting and Budget Management
- Cash Flow Projection and Monitoring
- Petty Cash Management
- Monitoring of Account Receivables
- Monitoring of Account Payables
- Receipt Process
- Payment Process
- Bank Reconciliation review
- Acquisition and Disposal of Fixed Asset
- Review of Audit Adjustment
- Review of Impairment Breakdown
- Insurance Coverage

iv) Sern Kou Group of Companies – Human Resources Management, which basically covers:

- Review of Human Resources SOP and Employee Handbook
- Manpower Planning/Headcount Budget
- Recruitment and Onboarding
- Resignation and Termination
- Employee File Maintenance
- Handling of Foreign Worker
- Payroll Processing
- Monitoring of Staff Overtime
- Monitoring of Staff's Leave and Claim Process
- Staff Performance Appraisal/Key Performance Indicator ("KPI") and Achievement Tracking
- Training/Human Resources Development

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS (CONT'D)

iv) Sern Kou Group of Companies – Human Resources Management, which basically covers: (cont'd)

- Review of Statutory Payment
- Disciplinary Actions

v) SKFI – Inventory Management, which basically covers:-

- Policies and Procedures of Inventory Management and Stock Impairment
- Inventory Physical Count and Stock Arrangement Control
- Stock Movement Monitoring
- Inventory Aging and Slow-Moving Stock Control
- Inventory Shipping and Delivery Control
- Inventory Transfer Control
- Inventory Return Inwards and Outwards Control
- Warehouse Access and Safety Control

Based on the internal audits conducted, the AC and internal auditors did not detect any significant weakness which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The details of the internal audit function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Group had incurred a total amount of RM56,000 for the internal audit function for the financial year ended 30 June 2025.

This report is made in accordance with the resolution of the Board dated 17 October 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of SKRB remains committed in maintaining the highest standards of corporate governance (“CG”) within the Company and adhering to the principles and best practices of CG, through observing and practising the core values of Malaysian Code on Corporate Governance 2021 (“MCCG”) and the Corporate Governance Guide issued by Bursa Securities. The commitment from the top paves the way for Management and all employees to ensure the Company’s businesses and affairs are effectively managed in the best interests of all stakeholders.

The Board is pleased to present an overview on the application of the principles as set out in the MCCG and the extent to which the Company and the subsidiaries (“Group”) have complied with the key principles of the MCCG during the financial year under review.

This statement should be read together with the 2025 CG Report of the Company which is available on the Company’s website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance monitoring and measurement, risk management and internal controls, standards of conduct, shareholders’ communication, governance of sustainability and critical business decisions. The matters reserved for the collective decision of the Board are listed in the Board Charter which is available on the corporate website.

The Board implements a strategy planning process to oversee the matters delegated to Management and ensures the goals and targets are in line with the Company’s strategic plan and long-term objectives.

The key responsibilities of the Board include reviewing and adopting the strategic plan, overseeing the conduct of business, risk management, sustainability policy and practices of the Group, succession planning, overseeing the development and implementation of a shareholders’ communication policy and reviewing the internal control systems to ensure its effectiveness to mitigate the business risks.

The Board acknowledges the essential of ensuring that the Company’s strategies promote sustainability. As in the furniture industry, the Board is strongly aware of the importance of balancing the Environmental, Social and Governance (“ESG”) aspect with the interests of various stakeholders, is essential to enhancing investors’ perception and public trust.

The Sustainability Statement stated the actions taken by the Group in protecting and preserving the environment while striking to achieve a better performance towards the goal at sustainable development.

The Board is constantly mindful of the need to safeguard the interests of the Group’s stakeholders while putting emphasis on the sustainable issues surrounding the business operation of the Group, as well as the impact on the environment.

In order to facilitate the effective discharge of its duties, the Board delegates and confers some of the Board’s authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors which operate within clearly defined terms of reference.

The Board Committees consist of Audit Committee (“AC”), Nomination and Remuneration Committee (“NRC”) and Risk Management and Sustainability Committee (“RMSC”), to oversee the risk management and sustainability management of the Group. The power delegated to the respective Board Committees are set out in the Terms of Reference of each of the committees which is available on the Company’s website. Further, the Company also set up internal management committees to oversee risk and sustainability management of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Overall, it is the governance responsibilities of the Board to lead and control the Group. The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the MCCG to discharge its stewardship and fiduciary responsibilities. The Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the board accountability by providing their independent views, expertise, advice and judgement in safeguarding the interests of the shareholders.

During the financial year under review, the Board together with the respective Board Committees, in addition to the above matters, had also reviewed and adopted the revised Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to be in line with the Companies Act 2016 ("Act"), MCCG and revisions to the Main Market Listing Requirements ("MMLR") and implemented it as part of its continuous efforts in enhancing CG.

1.2 Chairman

The Chairman of the Company leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Independent Non-Executive Directors ("INEDs"), he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders, and thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

1.3 Separation of the Positions of the Chairman and Managing Director ("MD")

The position of the Chairman and the MD is held by different individuals, accordingly there is a clear division of responsibilities between the Chairman and the MD to ensure that there is a continued balance of power and authority. In addition, the separation of these positions promotes accountability and facilitates division of responsibilities.

The Chairman of the Board is Mr Onn Kien Hoe, an INED whilst the MD is Mr Low Peng Sian @ Chua Peng Sian. The MD, together with the Executive Directors, have the overall responsibilities over the Group's operating units, organisational effectiveness and implementation of the Board policies and decisions.

The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Group and is committed to good CG practices and has been leading the Board towards high performing culture while the MD is responsible for the implementation of Board policies and decisions approved by the Board and he is obliged to report to the Board at Board Meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory development which might have an impact on the daily operation.

All decisions of the Board are made unanimously or by consensus. To ensure balance of power and authority on the Board, majority of the Board members are INEDs. The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest.

1.4 Separation of Chairman of the Board and member of the AC, NRC and RMSC

The Chairman of the Board is Mr Onn Kien Hoe, an INED and he is not a member of the AC, NRC and RMSC in the Company to ensure there is check and balance as well as objective review by the Board.

1.5 Qualified and Competent Secretaries

In performing their duties, all Directors have access to the advice and services of suitably qualified Company Secretaries. The Company Secretaries act as the CG counsel and ensure good information flow within Board, Board Committees and Management. The Company Secretary attends all meetings of the Board and Board Committees whenever necessary and guides the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Act, MMLR and the MCCG, etc.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

1.6 Access to Information and Advice

All Directors have access to the advice and services of the Company Secretaries as well as to all information within the Group in ensuring the effective functioning of the Board. In addition, the Board may seek independent professional advice on specific issues at the Company's expenses to enable it to discharge its duties in relation to the matters being deliberated, where necessary.

The Directors may seek advice from Management on issues under their respective purview and interact directly with Management or request further explanation, information or updates on any aspect of the Company's operations or business concern from them.

Schedule of Board and Committee meetings are determined in advance at the beginning of every year. This enables Management to plan ahead the yearly business and corporate affairs and ensure timely preparation of information for dissemination to the Board. The Board has a defined schedule of matters reserved for Board's decision and that the Board papers for meetings will be circulated to the Board at least seven (7) days prior to the meeting. This is to ensure all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting.

The Company Secretary is entrusted to record the Board's deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Committee prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and ongoing basis to enable them to make informed decisions.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board Charter is reviewed to ensure that it complies with the best practices and regulations and thus, the last review of the Board Charter was conducted on 1 October 2024.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter, which is available on the Company's website.

The Board Charter serves to ensure that all Board members acting on behalf of the Group are aware of their expanding roles and responsibilities. It sets out the strategic intents and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with CG principles.

The Board Charter would be reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

3. Promoting Good Business Conduct and Corporate Structure

3.1 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The ethical standards are formalised through the Directors' Code of Conduct and Corporate Disclosure Policy, which requires all Directors and Employees to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Directors' Code of Conduct and Corporate Disclosure Policy are available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3.2 Whistleblowing Policy

The Board has adopted a whistleblowing policy for the Group as a measure to promote the highest standard of CG. The whistleblowing policy outlines the avenues for all employees, suppliers, agents, contractors and customers of the Group to raise concerns or disclose in good faith any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.

Any employee and member of public who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the MD or Chairman of the AC, either through formal or informal channels.

During the financial year under review, there were no incidents reported concerning any improper conduct or misconduct within the Group.

Management will ensure that the whistleblower who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The Whistleblowing Policy is included in the Board Charter and published on the Company's website.

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

The Board had adopted the ABAC Policy on 27 May 2020 to incorporate the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020.

The Board had reviewed and adopted the revised ABAC Policy on 21 February 2025.

A copy of the updated ABAC Policy is made available on the Company's website.

3.4 Directors' Fit and Proper Policy

The Company had adopted the Directors' Fit and Proper Policy on 23 May 2022, which outlines the fit and proper criteria for the appointment and re-appointment of Directors on the Board of the Company.

The said policy also ensures that each of the Directors has the character, skills, knowledge, experience, honesty and integrity, competence and capability, financial soundness and time to effectively discharge his/her role as a Director of the Company and its subsidiaries, and in tandem with good CG practices.

In addition, the policy also serves as a guide to the NRC and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election at the forthcoming annual general meeting ("AGM") of the Company.

4. Sustainability Measures to Support Long-Term Strategy

4.1 Strategic Management of Material Sustainability Matter

The Board provides the oversight on the Group's sustainability and is assisted by the Management who oversees the implementation of the Group's sustainability measures.

The Board recognises its responsibility to set the "tone from the top" and ensure good governance within the Group. In this regard,

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

the Board continues to play an active role in providing oversight on all ESG topics and KPIs disclosed in the ESG report. Aside from strategic guidance for management of its identified sustainability material matters and climate-related risk, the Board is also committed in advancing the ESG agenda across the organisation.

Supporting the Board is the RMSC, which oversees the Group's sustainability blueprint, including material topics, strategies and targets. The RMSC is chaired by an INED, together with a second INED and the Executive Director, who are collectively tasked with overseeing the Group's risk management and sustainability governance process.

The Internal ESG Management Committee was also established and led by the Executive Director, to support RMSC in relation to sustainability matters. The representative(s) of the Internal ESG Management Committee would be invited to the RMSC Meeting whenever necessary to present the reports and findings respectively to the RMSC.

The formation of the RMSC permits a more comprehensive assessment of risks emerging from material EES topics and underlines SKRB's commitment to prioritising Economic, Environmental, Social and Governance ("EESG") matters and integrating them into Group operational strategies and decision-making. The RMSC is in turn supported by the Executive Directors and Senior Management, and the Head of Department and Head of Division, to drive and implement sustainability strategies.

The Group has also grouped under the four (4) main sustainability pillars such as EESG.

4.2 Delivery of the Sustainability Consideration to Stakeholder

The Board is aware that stakeholder engagement is vital in ensuring continued business sustainability whereby it enables the Company to pursue various approaches and valued stakeholders' feedback and input in shaping the Company business strategy as the Company believed effective communication maintained mutually beneficial relationships with the stakeholders.

The Company has engaged an external sustainability consultant, namely Joshua Ryan Communication, to conduct a comprehensive Materiality Assessment Exercise ("MAE") to identify, assess and prioritise key topics of material concern to the Company's business and its stakeholders within the context of operating environment. The assessment result is then used to inform the Board and Senior Management of the Company's strategy setting and resource allocation for the Group so as to effectively manage the Company's sustainability-related risks.

Further, Joshua Ryan Communication is also engaged to assist the Company to prepare the sustainability statement for the financial year ended 30 June 2025.

The Board had engaged with the stakeholders proactively such as Customers, Shareholders and Investors, Employees, Government and Regulatory Bodies, Vendors/Suppliers, Media, Community/Public and NGOs and Opinion Leaders accordingly, to ensure that the Board meet the stakeholders' expectation and satisfaction for the Company's sustainability growth.

The Company had also disclosed the sustainability measures and forms of engagement with the stakeholders in the sustainability statement which also formed part of the Annual Report 2025 to the stakeholders, which provide further insight of the Group's efforts and commitment towards the sustainability issues surrounding the business operation.

4.3 Sustainability Issues and Opportunity

The Board through the RMSC, acknowledges its fiduciary responsibility to ensure the profitability of the Group and assumes the responsibility for the effective management of the Group's financial and ESG risks. This includes risks and opportunities associated with climate change that may impact the financial value creation ability of the Group.

The Board has engaged an outsourced Internal Auditor to conduct Risk Assessment/Review on Group level on annual basis. The Board maintains a robust Group Risk Register that is updated regularly and is gradually being expanded to include climate-related risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board had identified and highlighted several of the risk factors that associated with the business such as the rules and regulations, financial and ESG Risks Management, tax tariff, climate change which may affect the Company's core value and competitive advantage in the market. At the same time, the Company remains vigilant in monitoring and mitigating the business, operational, financial, climate-related and other risks that may affect the Group.

Further, the Board was efficient in planning of resources, manufacturing and shipping timelines to ensure a steady inventory of the products to meet the existing global market demands, while the Company strives to seek more business opportunities in markets with high or unmet potential.

4.4 Board and Senior Management Sustainability Evaluation

The Boards review and evaluates its own performance and the performance of its committees on an annual basis to ensure accountability in the performance of the Directors and Senior Management against the sustainability targets set upon them.

The annual assessment of the Board takes into the consideration of ability in addressing the Company's material sustainability risk and opportunities.

PART II – BOARD COMPOSITION

5. Strengthen Board's Objectivity

5.1 Board Composition Evaluation

The Board currently consists of eight (8) members, four (4) INEDs, three (3) Executive Directors and one (1) Non-INED. The Directors' profiles are disclosed in the Annual Report 2025.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR as at least two (2) and more than one-third (1/3) of the Directors are Independent Directors. In addition, the Independent Directors represented 50% or half of the Board members and complied with Practice 5.2 of the MCGG.

The Board is helmed by an experienced Board comprising members of high calibre and integrity, and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, corporate legal, finance and risk management, amongst others. The Board is satisfied that, through the annual performance appraisal of the Board, the Board Committees and individual directors, the current board composition represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively.

5.2 Percentage of the Independent Director

Independence is important for ensuring objectivity and fairness in decision-making. The independence of Directors is measured based on the criteria prescribed under the MMLR of Bursa Securities, of which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. In addition, to be in compliance with the criteria set out under the MMLR of Bursa Securities, the INEDs are required to declare that they will continue to bring independent and objective judgement to the Board during the review of Directors' independence as part of the annual assessment carried out by the NRC.

The INEDs do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, to ensure their objectivity would not be compromised. In staying clear of any potential conflict of interest, the INEDs would remain at the position of providing check and balance to the Board when discharging their duties and fulfilling their responsibilities.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

The Board had established the NRC to assist the Board in ensuring its members remain relevant to the Company and the remuneration policy remains competitive to attract new talents and retain suitably qualified directors.

The composition of the Board fulfils the MMLR of Bursa Securities by having at least two (2) or one-third (1/3) of the Board comprising Independent Directors. The composition of the Board also fulfils the requirement of at least half of the Board comprises INEDs.

5.3 Tenure of Independent Director

No Independent Director has a tenure exceeding a cumulative term of nine (9) years.

5.4 Policy on Limitation of Independent Director's Tenure

The Board has adopted the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-INED. Otherwise, the Board must justify and seek shareholders' approval in the event that a Director, who has served in that capacity for more than nine (9) years, retains as an Independent Director.

5.5 Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members as well as its Senior Management.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company, which comply with Practice 5.5 of the MCCG.

The Group endeavours to meet the diversity at the Senior Management level and the composition of the Key Senior Management of the Group comprises a mixture of both genders.

The Board would ensure the appointment of Board and Senior Management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender to promote greater diversity in the board composition, Senior Management and the employees of the Group.

5.6 Re-Election of Directors

Any Director appointed during the year, either to fill a casual vacancy or as an additional Director, shall hold office only until the next AGM and shall then be eligible for re-election in accordance with the Company's Constitution.

The Constitution states that one-third (1/3) of the Directors including the MD, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation and seek re-election at the AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years. A retiring Director is eligible for re-election.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted separately.

Mr Chua Oou Chuan, Ms Seow Jing Hui and Mr Loo Eng Hua will retire in accordance with Paragraph 97 of the Constitution of the Company and have offered themselves for re-election as Directors of the Company.

To assist shareholders to renew their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each Director standing for election are available in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

In identifying candidates for appointment as Directors, the Board does not solely rely on recommendations from the existing Board members, Management or major shareholders. The Board is aware and may also utilise independent sources to identify suitably qualified candidates, which complies with Practice 5.6 of the MCGG.

5.7 Identification of New Candidates for Appointment of Directors

The Board has entrusted the NRC with the responsibility to consider, review and recommend the appointment of potential candidates to the Board proposed by Management, any Director or shareholder, taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, professionalism and integrity based on the 'Fit and Proper' standards for Directors and Senior Management staff as prescribed in the Board Charter.

The Board is aware of the guidance to utilise independent sources for future appointment of Independent Director, and to disclose how a Board member is sourced in the Annual Report.

5.8 NRC

The NRC is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board would have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines skills matrix to support strategic direction and needs of the Company.

Management shall engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities and diversity requirements for both the Board and the Committee appointments.

The NRC evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment.

Consideration would be given to those individuals possessing the identified skill, talent and experience.

The NRC would contact those persons identified to determine their interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/ Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

For any requisition of nomination by the shareholders, the NRC would also perform the same review process. However, if the requisition is by way of Sections 311 to 313 of the Act, the NRC would still carry out its duties if permitted by the requisitionist.

The NRC comprises exclusively of Non-Executive Directors and a majority of Independent Directors, as follows: -

- Mr Chua Oou Chuan (INED) – Chairman
- Mr Loo Eng Hua (Non-INED) – Member
- Ms Seow Jing Hui (INED) – Member

The Terms of Reference of the NRC is available on the Company's website.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director;
- Reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- Reviewed and assessed the independence of the INEDs;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming AGM of the Company;
- Reviewed and assessed the term of office and performance of the AC;
- Reviewed and recommended the types of trainings suitable for the Board;
- Reviewed and assessed the level of financial literacy of the AC members;
- Reviewed and assessed the performance of the MD;
- Reviewed and recommended the bonus payment to the MD and Executive Directors;
- Reviewed the proposed seating and Board Committees Fees for Committee Members and Directors' Fees;
- Reviewed and recommended the payment of Directors' Fees for the financial year ending 30 June 2026; and
- Reviewed and recommended the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries.

5.9 Gender Diversity

The Board acknowledges the importance of boardroom diversity and takes cognisance of the recommendation of the MCGG to have at least 30% of female directors.

As at the date of printing of this Annual Report, the Company has achieved the recommendation of the MCGG to have at least 30% of female directors.

5.10 Gender Diversity Policy

The Board established the Gender Diversity Policy as set out in the Board Charter of the Company, which is available on the Company's website.

The Gender Diversity policy in place would guide the Group in managing its gender diversified workforce. Having said that, the Board is also keeping in mind that gender should not be the only basis of evaluation and that candidate should be sought after based on their level of experience and skill set as well as other qualities as stated above.

Nevertheless, in the event of a vacancy in the Board, the Board, through the NRC has been tasked to consider both male and female representations when a vacancy arises and/or suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available.

Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

6. Overall Board Effectiveness

6.1 Annual Evaluation

The Board undertakes annual evaluation to determine the effectiveness of the Board. The Board evaluation comprises Board Assessment, Board Committees Assessment, Individual Assessment and Assessment of Independence of Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

The results of the assessment would form the basis of the NRC's recommendation to the Board for the re-election of Directors at the next AGM.

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM. All assessments and evaluations carried out by the NRC in discharge of its functions were properly documented.

The attendance record of the Directors at Board and Board Committee meetings for the financial year ended 30 June 2025 is set out as follows:-

Abbreviation

AC	:	Audit Committee
NRC	:	Nomination and Remuneration Committee
RMSC	:	Risk Management and Sustainability Committee
AGM	:	Annual General Meeting

Meeting Attendance	Board	AC	NRC	RMSC	AGM
Low Peng Sian @ Chua Peng Sian	6/6	-	-	-	1/1
Onn Kien Hoe	6/6	-	-	-	1/1
Loo Eng Hua	6/6	-	1/1	-	1/1
Lee Shen Wang	6/6	-	-	5/5	1/1
Siah Chew Peng	6/6	-	-	-	1/1
Teh Su-Ching	6/6	5/5	-	5/5	1/1
Chua Oou Chuan	6/6	5/5	1/1	5/5	1/1
Seow Jing Hui	6/6	5/5	1/1	-	1/1

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall notify the Chairman before accepting any new directorships.

None of the directors hold more than five (5) directorships in public listed companies.

6.2 Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as Directors and to comply with continuous training as required by the MMLR.

There were also briefings by the External Auditors and the Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board and Board Committee meetings.

During the financial year ended 30 June 2025, all the Directors have attended trainings, seminars, conferences and exhibitions which they considered vital in keeping abreast with the changes in laws and regulation, business environment and CG development, as detailed hereunder: -

Name of Director	Course Attended	Date
Onn Kien Hoe	A Practical Session for Assessing Control, Significant Influence and Joint Control	15 July 2024
	Masterclass on "Preventing Fraud: The Board's Roles and Responsibilities"	8 August 2024
	Hot Accounting Issues in Banking Industry	16 August 2024
	2024 Crowe IPO Conference: Unlocking the Secrets of a Successful IPO	21 August 2024

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

Name of Director	Course Attended	Date
Onn Kien Hoe	MIA Webinar: Case Study-Based MFRS Webinar_MFRS 16 Case Studies - including Sub and Intermediate Leases, Lease Reassessments and Rent Concession	28 October 2024
	Webinar - Environmental, Social & Governance (ESG) in Financial Reporting	20 November 2024
	MIA International Accountants Conference 2025	26 – 27 May 2025
Low Peng Sian @ Chua Peng Sian	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024
Loo Eng Hua	Business Valuation Forum 2024	4 December 2024
Lee Shen Wang	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024
	The Heart Knocks Discovery Training	19 November 2024
Siah Chew Peng	Board Ethics: Growing Concerns from New Technology, Stakeholder Interests & Conflict of Interest	16 October 2024
	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024
	Seminar on “MBRS 2.0 for Preparers – Financial Statements”	18 – 19 December 2024
Teh Su-Ching	2024 Crowe IPO Conference: Unlocking the Secrets of a Successful IPO	21 August 2024
	Launch of the National Sustainability Reporting Framework at the Securities Commission	24 September 2024
	ASEAN Market and Biotechnology Updates	16 October 2024
	Integrating Sustainability into Business Strategy	18 October 2024
	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024
	AOB Conversation with Audit Committees in the Securities Commission	19 November 2024
	Unlocking the impact of the New Dividend Tax – What Investors and Companies Need to Know	25 November 2024
	Navigating Compliance: Shariah Audit in Addressing Risks	27 November 2024
	Evaluation for the Navigating Compliance: Shariah Audit in Addressing Risks Webinar	28 November 2024
	Leading for Impact (LIP) Alumni Networking Session – Meet the Group CEO of POS Malaysia Charles Brewer	29 November 2024
	S369 Quarterly Training - Financial Modelling Fundamentals & Practical Application	16 – 17 January 2025
	Exploring Malaysia’s Out-of-Home (OOH) Advertising Landscape	20 January 2025
	Webinar: Navigating Opportunities Beyond Audit - Empowering Practitioners Amidst Audit Exemption Changes	21 January 2025
	Mega Trends in 2040 organised	13 February 2025
	Global Minimum Tax: Latest Developments and Implications for Businesses	13 February 2025
	Global Trade Transformation 2024 - 2035	17 February 2025
	Carbon Accounting & GHG Inventories Workshop	25 – 27 February 2025
	Public Sector Sustainability Reporting – Where Do We Stand?	26 February 2025
	Unveiling The World of Intellectual Property Valuation for Financial Institutions	20 March 2025
	Increased Tax Consequence Across the Sectors: A Valuation Perspective	3 April 2025
	Anti-Bribery and Anti-Corruption Training	4 June 2025
	Addressing Issues and Challenges of IFRS S1 and S2 reporting in Malaysia	5 June 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Name of Director	Course Attended	Date
Seow Jing Hui	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024
Chua Oou Chuan	Fundamentals of Enterprise Risk Management (ERM) Training	7 – 8 November 2024

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

PART III - REMUNERATION

7. Level and Composition of Remuneration

7.1 Remuneration Policy

The NRC and the Board ensure that the Company's remuneration policy remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and Key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre candidates, as pursuant to the Practice 7.1 of the MCGG.

The NRC reviews annually the Directors' Remuneration (including Non-Executive Directors) for recommendation and approval by the Board. The Directors' remuneration payable to the Non-Executive Directors will be tabled at the AGM for approval by shareholders.

The NRC reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year, which complied with Practice 7.2 of the MCGG.

The NRC is chaired by Mr Chua Oou Chuan, an INED of the Company and comprises a majority of INEDs. The NRC is guided by its terms of reference, which is available on the Company's website.

Remuneration of Directors and Senior Management

7.2 Detailed Disclosure of Directors' Remuneration

The Company noted the needs for transparency on the detailed disclosure on named basis for the remuneration of individual Directors. The remuneration breakdown of individual Directors includes fees, salary, bonus, benefits in-kind and other emoluments.

The NRC reviews annually the Directors' Fees and the Directors' Remuneration (including Non-Executive Directors) to commensurate with the level of responsibility of its Directors and Senior Management. There should be appropriate incentives to attract talent as well as nurture and retain high calibre Directors and Senior Management, whilst taking into account the interests of other stakeholders, including shareholders and employees. In addition, the remuneration policy and procedures should also be aligned with the business strategy and long-term objectives of the Company.

The NRC would recommend the Directors' Remuneration (including Non-Executive Directors) for Board's approval while the Directors' remuneration payable to the Non-Executive Directors would be tabled at the AGM for the approval of shareholders in line with the provisions of its Constitution and the Act.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

The remuneration of the Executive Directors should be set at a competitive level to recruit and retain high quality executive Directors and Senior Management. Individual pay levels should reflect the performance of the Company and the individual's skills and experience as well as responsibility undertaken. It is to ensure that the linkage between pay, and performance is robust.

As for the Non-Executive Directors, the remuneration should take into account the fee levels and trends for the similar positions in the market and the time commitment required from the director. Such packages should take into consideration any additional responsibilities undertaken such as a Director acting as Chairman of the Board, Chairman of a Board committee or as the Senior Independent Director.

The Directors plays no part in determining his own remuneration and shall abstain from discussion on their own remuneration.

The remuneration package of the Executive Directors consists of monthly salary, bonus and benefits-in-kind such as company car and the benefit of Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.

Details of the Directors' Remuneration (including benefits-in-kind) of each Director during the financial year ended 30 June 2025 are as follows:

i. Breakdown of Directors' Remuneration (Company)

	Director Fees (RM'000)	Salary and Bonus (RM)	EPF, SOCSO and EIS Contribution (RM)	Benefit-In-Kind* (RM)	Other Emoluments^ (RM)	Total (RM)
Executive Directors						
Low Peng Sian @ Chua Peng Sian	-	-	-	-	2,804	2,804
Lee Shen Wang	7,200	-	-	-	2,804	10,004
Siah Chew Peng	-	315,000	39,134	-	2,804	356,938
TOTAL	7,200	315,000	39,134	-	8,412	369,746

	Director Fees (RM'000)	Salary and Bonus (RM)	EPF, SOCSO and EIS Contribution (RM)	Benefit-In-Kind* (RM)	Other Emoluments^ (RM)	Total (RM)
Non-Executive Directors						
Onn Kien Hoe	113,000	-	-	-	2,804	115,804
Loo Eng Hua	345,700	-	-	-	2,804	348,504
Teh Su-Ching	81,700	-	-	-	2,804	84,504
Seow Jing Hui	76,900	-	-	-	2,804	79,704
Chua Oou Chuan	93,700	-	-	-	2,804	96,504
TOTAL	711,000	-	-	-	14,020	725,020

* Company's Car and Petrol Benefits.

^ Insurance Premium paid by the Company.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

ii. Breakdown of Directors' Remuneration (Group)

	Director Fees (RM'000)	Salary and Bonus (RM)	EPF, SOCSO and EIS Contribution (RM)	Benefit-In-Kind* (RM)	Other Emoluments^ (RM)	Total (RM)
Executive Directors						
Low Peng Sian @ Chua Peng Sian	-	1,920,000	234,402	56,000	2,804	2,213,206
Lee Shen Wang	7,200	640,000	78,134	23,950	2,804	752,088
Siah Chew Peng	-	315,000	39,134	11,100	2,804	368,038
TOTAL	7,200	2,875,000	351,670	91,050	8,412	3,333,332

	Director Fees (RM'000)	Salary and Bonus (RM)	EPF, SOCSO and EIS Contribution (RM)	Benefit-In-Kind* (RM)	Other Emoluments^ (RM)	Total (RM)
Non-Executive Directors						
Onn Kien Hoe	113,000	-	-	-	2,804	115,804
Loo Eng Hua	345,700	-	-	17,400	2,804	365,904
Teh Su-Ching	81,700	-	-	-	2,804	84,504
Seow Jing Hui	76,900	-	-	-	2,804	79,704
Chua Oou Chuan	93,700	-	-	-	2,804	96,504
TOTAL	711,000	-	-	17,400	14,020	742,420

iii. Aggregate Directors' Remuneration

Categories of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Director Fees	7,200	711,000	7,200	711,000
Salary and Bonus	2,875,000	-	315,000	-
EPF, SOCSO and EIS Contribution	351,670	-	39,134	-
Benefit-In-Kind*	91,050	17,400	-	-
Other Emoluments^	8,412	14,020	8,412	14,020

* Company's Car and Petrol Benefits.

^ Insurance Premium paid by the Company.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

iv. Analysis of Directors' Remuneration

Total remuneration of Directors in respect of the financial year ended 30 June 2025, in bands of RM50,000 is tabulated below:

Range of Remuneration (RM)	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Below RM50,000	-	-	2	-
50,001 - 100,000	-	3	-	3
100,001 - 150,000	-	1	-	1
150,001 - 200,000	-	-	-	-
200,001 - 250,000	-	-	-	-
250,001 - 300,000	-	-	-	-
300,001 - 350,000	-	-	-	1
350,001 - 400,000	1	1	1	-
400,001 - 450,000	-	-	-	-
450,001 - 500,000	-	-	-	-
500,001 - 550,000	-	-	-	-
550,001 - 600,000	-	-	-	-
600,001 - 650,000	-	-	-	-
650,001 - 700,000	-	-	-	-
700,001 - 750,000	-	-	-	-
750,001 - 800,000	1	-	-	-
800,001 and Above	1	-	-	-

7.3 Remuneration of Top Two (2) Senior Management

The Company notes the need for transparency in the disclosure of its Key Senior Management remuneration, the Company is of the opinion that the disclosure of remuneration details may be detrimental to the Company's management of its human resources due to the competitive environment for resources within the industries the Company and its subsidiaries operate in.

While the Company has set policies and procedures in setting the remuneration of key personnel, such disclosure may also be misconstrued so as to hinder its recruitment and retention of personnel.

The Company is of the view that the interest of the shareholders would not be prejudiced as a result of such non-disclosure of the Company's top two (2) Senior Management personnel who are not Directors on named basis.

The number of top two (2) Senior Management whose remuneration (comprising salary, bonus and other emoluments) for the financial year ended 30 June 2025 within the successive bands of RM50,000 is as follows:

Remuneration Band	Number of top two (2) Senior Management
Below RM50,000	-
RM50,001 to RM100,000	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration Band	Number of top two (2) Senior Management
RM100,001 to RM150,000	1
RM150,001 to RM200,000	-
RM200,001 to RM250,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AC

8. AC

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit (“IA”) process, review of related party transactions as well as conflict of interest situation.

In line with Practice 9.1 of the MCGG, the AC is chaired by an INED who is distinct from the Chairman of the Board and all members of the AC are financially literate.

The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out in the financial year ended 30 June 2025, are set out in the AC Report of this Annual Report.

8.1 Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group’s position and prospects, primarily through the annual financial statements and the quarterly announcement of results.

Before the financial statements are drawn up, the Directors take the necessary steps to ensure that the Group has used all the applicable accounting policies and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The composition of the AC are as below: -

- Teh Su-Ching – Chairperson
- Chua Oou Chuan – Member
- Seow Jing Hui – Member

The AC has at least one (1) member who fulfils qualifications prescribed by the MMLR. There is a strong element of independence to fulfil their role objectively and provide a critical and sounding view in ensuring the integrity of financial controls and integrated reporting and identifying and managing key risk.

8.2 Transparency and Professional Relationship with The External Auditors

None of the AC members are former key audit partners of the Group. Nevertheless, the AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC, which applied the requirement of Practice 9.2 of the MCGG. The said policy has been incorporated in the terms of reference of the AC, a copy which is available on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW

STATEMENT (CONT'D)

The AC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. Feedback based on the assessment areas is obtained from the AC, the Executive Directors, the Internal Auditor and Senior Management, where applicable.

In line with Practice 9.3 of the MCGG, the AC undertakes an annual assessment of the suitability and independence of the External Auditors as well as the performance of the External Auditors, including the review of calibre of the audit firm, quality of processes, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. Further, the Company has also adopted an External Auditors' Selection Policy.

On the other hand, the AC has also sought written assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants ("MIA"). The External Auditors provided such declaration in their annual audit plan presented to the AC prior to the commencement of audit for a particular financial year.

In this regard, the AC had on 17 October 2025 assessed the independence of Messrs BDO PLT as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs BDO PLT to the Company for the financial year ended 30 June 2025.

The AC was satisfied with Messrs BDO PLT's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to Messrs BDO PLT. Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 30 June 2025 to the External Auditors are set out in the Additional Information of this Annual Report.

The AC, having satisfied itself with the performance and fulfilment of criteria as set out in the Non-Audit Services Policy as well as received the assurance from Messrs BDO PLT as stated above, recommended the reappointment of Messrs BDO PLT as the External Auditors to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.

8.3 Financial Literacy of the AC

The AC complies with the recommendation of the MCGG requiring all members to be independent and at least one (1) member fulfils qualifications prescribed by the MMLR. There is a strong element of independence to fulfil their role objectively and provide a critical and sounding view in ensuring the integrity of financial controls and integrated reporting, identifying and managing key risk. All members of the AC are financially literate.

Meanwhile, all members of the AC would undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, whenever possible.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Risk Management and Internal Control Framework

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group.

In line with Practices 10.1 and 10.2 of the MCGG, the RMSC oversees the risk management framework of the Group, reviews the risk assessment and management policies formulated by Management annually together with the Internal Auditors and makes relevant recommendations to Management to update the Group Risk Profile. The RMSC also discusses with the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation and makes relevant recommendations to the Board to manage residual risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Further, the Board has delegated the RMSC to review the sustainability aspect of the Group, which aims to enhance the overall internal controls of the Group.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the Statement on Internal Control and Risk Management and the AC Report of the Annual Report.

10. Governance, Risk Management and Internal Control Framework

Pursuant to Practices 11.1 and 11.2 of the MCGG, the Board has outsourced the IA function for the financial year ended 30 June 2025 to an independent assurance provider, namely Messrs Vaersa Advisory Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the AC.

The responsibilities of the Internal Auditors include providing independent and objective reports on the state of internal controls and the significant operating units in the Group to the AC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.

The engaging partner, Mr Quincy Gan, a qualified Chartered Accountant and his team are free from any relationships or conflict of interests with the Company, to ensure the Internal Auditors' objectivity and independence are not impaired and the IA function is carried out in accordance with a recognised framework.

The resources deployed to conduct the IA function are ten (10) staffs, and all of them possess the necessary qualification to conduct IA.

During the financial year under review, the Internal Auditors have conducted review on the Group in accordance to the IA Plans, which have been approved by the AC and Board.

The Internal Auditors will perform quarterly testing of the internal control systems to ensure that the system is robust.

The Statement on Risk Management and Internal Control as included in the 2025 Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 30 June 2025.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication Between Company and Stakeholders

The Group recognises the importance of prompt and timely dissemination of information to the shareholders and the investors, in order for these stakeholders to be able to make informed investment decisions.

In line with Practice 12.1 of the MCGG, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of the major developments of the Company and the information is communicated to them through the publication of the Annual Report, various timely announcements, disclosures made during the financial year and the release of financial results on the quarterly basis to Bursa Securities. The Company will ensure that all quarterly financial results are announced to Bursa Securities no later than two (2) months after the end of each quarter of a financial year and that the Annual Report together with the Audited Financial Statements are released within four (4) months after the end of each financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Towards this, the Company's website incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances the investor relations function by including all announcements made, annual reports as well as the documents such as Board Charter, Terms of Reference of respective Board Committees, Whistleblowing Policy, Board Diversity Policy, Corporate Disclosure Policy, Directors' Code of Conduct, Anti-Bribery & Anti-Corruption Policy, Directors' Fit and Proper Policy, External Auditors' Selection Policy and Conflict of Interest Policy can be obtained from the Company's website.

To encourage greater shareholders' participation at the AGM, the Board strives to serve at least twenty-eight (28) days' notice (longer period than 21 days' notice, the minimum required notice period) for AGM, whenever possible. The Chairman shall ensure the Board is accessible to shareholders and an open channel of communication is cultivated.

From the Company's perspective, the AGM also serves as a forum for Directors and management to engage with the shareholders personally to understand their needs and seek for their feedback. The Board welcomes questions and feedback from the shareholders during and/or at the end of the AGM and ensures the queries raised by the shareholders are responded in a proper and systematic manner.

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholder Participation at General Meetings

The AGM of the Company provides the principal forum of dialogue and interaction between the Board and the shareholders. The shareholders are given the opportunity to raise questions or to seek for clarifications of pertinent and relevant information of the Company. During the meeting, the Chairman, the Board members and the External Auditors are available to respond to the shareholders' queries.

The Company does not have meetings in remote locations, nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meetings.

The Company's general meetings have always been held at a venue which is easily accessible.

Shareholders are entitled to appoint representatives or proxy/proxies/Chairman to vote on their behalf in their absence.

Having said that, the Company is also looking into the proposal and have explored to leverage on technology to facilitate virtual general meetings and remote shareholders' participation at previous general meetings held.

For good CG practice, the notices of the AGM and the Annual Report are sent out to shareholders at least twenty-eight (28) days prior to the meeting so that shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM. The shareholders are thus provided with ample time to review the annual report, to appoint proxies and to collate questions to be asked at the AGM. All the Directors (including the Chairman and Board committees) and the External Auditors were present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company, as pursuant to the Practice 13.1 of the MCGG.

All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM. The Directors and the External Auditors will be in attendance at the AGM to respond to the shareholders' queries as required by the shareholders, which in line with Practices 13.2 and 13.4 of the MCGG.

To be in line with the MMLR of the Bursa Securities, the Company had implemented poll voting for all the proposed resolutions set out in the notice of 24th AGM. Each item of special business included in the notice of AGM was accompanied by an explanation of the said proposed resolutions. All shareholders or proxies was briefed on the voting procedures prior to the poll voting by the Share Registrar. The Company appointed independent scrutineers to validate the votes cast at the 24th AGM.

The outcome of resolutions tabled and passed at the AGM are released to Bursa Securities on the same meeting day.

This CG Overview Statement was approved by the Board on 17 October 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 30 June 2025. This Statement has been prepared in accordance with Paragraph 15.26(b) of Bursa Securities' MMLR and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

The Board recognises the importance of sound framework for risk management and internal control as a platform to good corporate governance. The Board acknowledges its responsibility and re-affirms its commitment in maintaining sound systems of risk management and internal control to safeguard shareholders' investments and the Group's assets as well as for reviewing its adequacy and effectiveness of these systems.

The Board continuously reviews the adequacy and integrity of the Group's risk management and internal control system to ensure that risks are managed appropriately and aligned to the Group's business objectives.

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control systems are in place for the financial year ended 30 June 2025 and are operating adequately and effectively, in all materials aspects.

In view of the limitations inherent in any system of risk management and internal control, such systems put into effect by Management can only manage and reduce, rather than eliminate the risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control systems can only provide reasonable and not absolute assurance against errors, material misstatement, operational failure, fraud or loss.

RISK MANAGEMENT

Risk Management is regarded by the Board to be an integral part of business operations. Key Management staff and Heads of Department are delegated with the responsibility of identifying and managing risks related to their functions/departments. At the quarterly meetings, such risks identified and related internal controls are communicated to Senior Management. In addition, significant risks identified are brought to the attention of the Board at their scheduled meetings.

The Risk Management and Sustainability Committee ("RMSC") meets at least four times yearly to discuss the risks faced by the Group and ensure that existing mitigation actions are adequate. Risks identified were prioritised in terms of likelihood of occurrence and the impact of such on the Group upon crystallisation.

The Group has put in place a risk management framework and complemented by the above-mentioned risk management practices as an ongoing process to assess, identify, evaluate and manage the various types of risks, which affect the Group's businesses and its achievement of its business objectives. This would help achieve building a risk awareness culture and risk ownership for a more effective approach to risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT (“IA”) FUNCTION

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control system and its compliance with the Group’s policies and procedures through independent reviews performed by the Internal Auditors. In this respect, the Board through the Audit Committee, receives and reviews reports on internal control from its outsourced IA function.

The Board has outsourced the IA function to an independent assurance provider, namely Messrs Vaersa Advisory Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the Audit Committee.

The responsibilities of the Internal Auditors include quarterly testing of the internal control systems to ensure that the system is robust and providing independent and objective reports on the state of internal controls and the significant operating units in the Group to the Audit Committee, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems. The Internal Auditors adopt a risk-based approach based on International Professional Practices Framework.

During the financial year ended 30 June 2025, IA was undertaken and the results on the audits were presented to the Audit Committee. The scope of work of the outsourced IA function was determined by the Audit Committee after careful consideration and discussion with the Board.

The cost incurred in outsourcing the internal audit function for the financial year ended 30 June 2025 was at RM56,000.

KEY ELEMENTS OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The other key elements of the Group’s internal control system include:-

- The Group maintains clearly defined and structured lines of reporting and responsibilities including proper segregation of duties, appropriate authority limits, adequate review and approval procedures;
- Formal Standard Operating Policies and Procedures are in place and they are annually reviewed and updated to ensure that it continues to support the Group’s business activities as the Group continues to grow;
- Certain subsidiaries within the Group adhered to and applied such ISO Quality Policies and Procedures. With such certification, audits are conducted by external parties yearly to ensure compliance with the requirements of the certification;
- Financial results are reviewed by the Audit Committee and the Board on a quarterly basis. An annual budget is prepared by Management to facilitate the monitoring of Group financial performance and the review of its actual performance against budget;
- Regular dialogues on operational matters with department heads are conducted by the Executive Directors;
- Scheduled management meetings to discuss the Group’s operations and performance are held on a monthly basis;
- Quarterly reviews on the performance of the Group by the Board;
- Active participation of executive members of the Board in the day-to-day running of the operations; and
- Quarterly discussion between the Audit Committee and Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Securities' MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial year ended 30 June 2025. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respect, in accordance with the disclosure required by paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

CONCLUSION

The Board is of the view that the Group's risk management and internal control systems are satisfactory and has no significant internal control failures nor have any of the reported weaknesses that has resulted in material losses or contingencies during the financial year under review. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Group will continue to take measures to strengthen the risk management and internal control system with a view to further enhance their effectiveness and to ensure new and additional risk arising from changes in the business and operating environment are managed within tolerable limits and timely dealt with.

This Statement on Risk Management and Internal Control is made by the Board in accordance to its resolution dated 17 October 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors of SKRB (“the Company”) are required to prepare financial statements for each financial year which have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2025, the Directors of the Company have:-

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, which enable them to ensure that the financial statements comply with the Companies Act 2016.

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

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS

There were no material contracts entered into by the Company involving the Company Directors', Chief Executive who is not a director and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

The Company did not carry out any corporate proposal nor utilise any proceeds derived from the corporate proposal during the financial year ended 30 June 2025.

RECURRENT RELATED PARTY TRANSACTION

During the financial year ended 30 June 2025, the Company did not enter into any recurrent related party transactions.

SHARE ISSUANCE SCHEME

The Company did not implement any share issuance scheme during the financial year ended 30 June 2025.

AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to Messrs BDO PLT, the external auditors by the Company and its subsidiaries during the financial year ended 30 June 2025 are as follow: -

Details of fees	Group (RM)	Company (RM)
Statutory Audit Fees	168,000.00	35,000.00
Non-Audit Fee	5,000.00	5,000.00
	173,000.00	40,000.00

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are mainly manufacturing, processing and trading all kinds of timber, wood and related products, and logging, processing and trading of rubber wood and timber, planting, replanting, transplanting, thinning and conserving of forests and timber tracts and research and development on biotechnology, laboratory and related products and services. Further details of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	6,970,749	(15,253,698)
Attributable to:		
Owners of the parent	5,884,060	(15,253,698)
Non-controlling interests	1,086,689	–
	6,970,749	(15,253,698)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year ended 30 June 2025.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no new issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Sern Kou Resources Berhad

Low Peng Sian @ Chua Peng Sian
 Loo Eng Hua
 Lee Shen Wang
 Siah Chew Peng
 Teh Su-Ching
 Seow Jing Hui
 Chua Oou Chuan
 Onn Kien Hoe

Subsidiaries of Sern Kou Resources Berhad

Low Peng Sian @ Chua Peng Sian
 Tey Man Er
 Lee Shen Wang
 Hoo Wei Mee

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.7.2024	Bought	Sold	Balance as at 30.6.2025
Shares in the Company				
Direct interests:				
Low Peng Sian @ Chua Peng Sian	222,464,400	31,365,400	–	253,829,800
Loo Eng Hua	180,000	–	–	180,000
Lee Shen Wang	120,000	–	–	120,000
Indirect interests:				
Low Peng Sian @ Chua Peng Sian	36,890,000	–	(26,890,000)	10,000,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Low Peng Sian @ Chua Peng Sian is also deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) remuneration received from the subsidiaries by certain Directors as Directors of the Company and its subsidiaries; and
- (b) by virtue of transactions entered into in the ordinary course of business.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 June 2025 were as follows:

	Group RM	Company RM
Fees	718,200	718,200
Defined contribution plan	354,360	37,800
Other emoluments	2,983,436	338,766
Estimated monetary value of benefits-in-kind	108,450	–
	4,164,446	1,094,766

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to insure the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company during the financial year amounted to RM22,432.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

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

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2025 were as follows:

	Group RM	Company RM
Statutory audit	168,000	35,000
Non-statutory audit	5,000	5,000
	173,000	40,000

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

Low Peng Sian @ Chua Peng Sian
Director

Johor Bahru
17 October 2025

Lee Shen Wang
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 117 to 173 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Low Peng Sian @ Chua Peng Sian
Director

Johor Bahru
17 October 2025

Lee Shen Wang
Director

STATUTORY DECLARATION

I, Tang Choon Yen (CA 23402), being the officer primarily responsible for the financial management of Sern Kou Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 117 to 173 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Johor Bahru in the state of)
Johor Darul Ta'zim this)
17 October 2025)

Tang Choon Yen
Chief Financial Officer

Before me:

Serena Kaur (No. J252)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERN KOU RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sern Kou Resources Berhad, which comprise the statements of financial position as at 30 June 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 117 to 173.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Recoverability of trade receivables

As at 30 June 2025, gross trade receivables of the Group amounted to RM154,379,114. The details of trade receivables and their credit risks have been disclosed in Note 12 and Note 31 to the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERN KOU RESOURCES BERHAD

(INCORPORATED IN MALAYSIA) (CONT'D)

Key Audit Matters (continued)

Audit response

Our audit procedures included the following:

- a) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- b) recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward looking information of the Group;
- c) inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses; and
- d) evaluated management's assessment and explanation on the individually significant trade receivables that were past due as at year end with reference to supporting evidences.

Key Audit Matter of the Company

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERN KOU RESOURCES BERHAD

(INCORPORATED IN MALAYSIA) (CONT'D)

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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERN KOU RESOURCES BERHAD

(INCORPORATED IN MALAYSIA) (CONT'D)

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

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
17 October 2025

Brendan Francis Lim Jern Zhen

03591/09/2027 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	87,258,233	80,280,669	–	–
Right-of-use assets	8	32,013,419	35,212,006	–	–
Investment properties	9	13,030,000	13,030,000	–	–
Investments in subsidiaries	10	–	–	91,255,944	101,699,508
		132,301,652	128,522,675	91,255,944	101,699,508
Current assets					
Inventories	11	21,439,172	21,115,724	–	–
Trade and other receivables	12	161,443,946	156,680,668	5,015,407	4,013,788
Current tax recoverable		2,103,711	2,532,650	68,263	31,862
Cash and bank balances	14	55,326,112	63,855,041	16,389,229	22,220,412
		240,312,941	244,184,083	21,472,899	26,266,062
TOTAL ASSETS		372,614,593	372,706,758	112,728,843	127,965,570
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	106,783,251	106,783,251	106,783,251	106,783,251
Reserves	16	105,989,328	111,873,388	5,817,075	21,070,773
		212,772,579	218,656,639	112,600,326	127,854,024
Non-controlling interests	10	1,571,274	2,657,963	–	–
TOTAL EQUITY		214,343,853	221,314,602	112,600,326	127,854,024
LIABILITIES					
Non-current liabilities					
Borrowings	17	7,373,884	8,867,478	–	–
Lease liabilities	8	7,611,923	10,404,652	–	–
Deferred tax liabilities	18	15,644,431	15,763,199	–	–
		30,630,238	35,035,329	–	–
Current liabilities					
Trade and other payables	19	25,028,450	24,372,985	128,517	111,546
Borrowings	17	98,806,844	88,020,818	–	–
Lease liabilities	8	3,805,208	3,768,420	–	–
Current tax liabilities		–	194,604	–	–
		127,640,502	116,356,827	128,517	111,546
TOTAL LIABILITIES		158,270,740	151,392,156	128,517	111,546
TOTAL EQUITY AND LIABILITIES		372,614,593	372,706,758	112,728,843	127,965,570

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Revenue	22	486,699,188	493,769,301	1,980,000	1,980,000
Cost of sales		(468,836,210)	(481,940,702)	-	-
Gross profit		17,862,978	11,828,599	1,980,000	1,980,000
Other income		1,853,035	2,180,097	15,096	372,192
Other income - insurance compensation		1,852,118	719,215	-	-
Selling and distribution expenses		(6,646,846)	(3,714,918)	-	-
Administrative expenses		(11,968,843)	(18,447,421)	(11,798,711)	(17,510,998)
Other operating expenses		(777,766)	(17,996)	-	-
Net gain/(loss) on impairment of financial assets	12	-	103,673	(5,200,000)	(3,000,000)
Finance costs	23	(6,936,266)	(5,642,846)	-	-
Loss before taxation	24	(4,761,590)	(12,991,597)	(15,003,615)	(18,158,806)
Taxation	25	(2,209,159)	(2,235,656)	(250,083)	(305,968)
Loss for the financial year		(6,970,749)	(15,227,253)	(15,253,698)	(18,464,774)
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Fair value adjustment on revaluation of properties, net of tax	25(a)	-	(260,683)	-	-
Total other comprehensive loss, net of tax		-	(260,683)	-	-
Total comprehensive loss		(6,970,749)	(15,487,936)	(15,253,698)	(18,464,774)
Loss for the financial year attributable to:					
Owners of the parent		(5,884,060)	(13,942,816)	(15,253,698)	(18,464,774)
Non-controlling interests	10	(1,086,689)	(1,284,437)	-	-
		(6,970,749)	(15,227,253)	(15,253,698)	(18,464,774)
Total comprehensive loss attributable to:					
Owners of the parent		(5,884,060)	(14,203,499)	(15,253,698)	(18,464,774)
Non-controlling interests	10	(1,086,689)	(1,284,437)	-	-
		(6,970,749)	(15,487,936)	(15,253,698)	(18,464,774)
Loss per ordinary share attributable to owners of the parent (sen)					
- Basic and diluted	26	(0.55)	(1.29)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Group						
Balance as at 1 July 2024	106,783,251	44,601,877	67,271,511	218,656,639	2,657,963	221,314,602
Loss for the financial year	–	–	(5,884,060)	(5,884,060)	(1,086,689)	(6,970,749)
Other comprehensive income, net of tax	–	–	–	–	–	–
Total comprehensive loss	–	–	(5,884,060)	(5,884,060)	(1,086,689)	(6,970,749)
Balance as at 30 June 2025	106,783,251	44,601,877	61,387,451	212,772,579	1,571,274	214,343,853
Balance as at 1 July 2023	106,783,251	44,862,560	81,214,327	232,860,138	3,942,400	236,802,538
Loss for the financial year	–	–	(13,942,816)	(13,942,816)	(1,284,437)	(15,227,253)
Other comprehensive loss, net of tax	–	(260,683)	–	(260,683)	–	(260,683)
Total comprehensive loss	–	(260,683)	(13,942,816)	(14,203,499)	(1,284,437)	(15,487,936)
Balance as at 30 June 2024	106,783,251	44,601,877	67,271,511	218,656,639	2,657,963	221,314,602

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

	Share capital RM	Retained earnings RM	Total equity RM
Company			
Balance as at 1 July 2024	106,783,251	21,070,773	127,854,024
Loss for the financial year	–	(15,253,698)	(15,253,698)
Other comprehensive income, net of tax	–	–	–
Total comprehensive loss	–	(15,253,698)	(15,253,698)
Balance as at 30 June 2025	106,783,251	5,817,075	112,600,326
Balance as at 1 July 2023	106,783,251	39,535,547	146,318,798
Loss for the financial year	–	(18,464,774)	(18,464,774)
Other comprehensive income, net of tax	–	–	–
Total comprehensive loss	–	(18,464,774)	(18,464,774)
Balance as at 30 June 2024	106,783,251	21,070,773	127,854,024

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(4,761,590)	(12,991,597)	(15,003,615)	(18,158,806)
Adjustments for:					
Property, plant and equipment					
- depreciation	7	2,967,952	3,184,373	-	-
- written off	7(e)	2,141	392	-	-
- impairment loss	7(f)	388,426	4,680,203	-	-
- gain on disposal	24	(21,102)	(295,361)	-	-
Right-of-use assets					
- depreciation	8	4,136,037	3,417,741	-	-
- impairment loss	8(j)	526,576	1,523,033	-	-
- gain on disposal	24	-	(15,701)	-	-
Impairment loss on investment in a subsidiary	10	-	-	10,443,564	16,097,949
Inventories written down	11	200,000	-	-	-
Reversal of impairment loss on trade receivables	12(c)	-	(103,673)	-	-
Impairment loss on other receivables	12(e)	-	-	5,200,000	3,000,000
Gain on lease termination	8(c)	(210,341)	(3,431)	-	-
Interest expense	23	6,936,266	5,642,846	-	-
Interest income	24	(134,633)	(479,931)	(15,096)	(372,164)
Unrealised gain on foreign exchange	24	(31,876)	(19,361)	-	-
Operating profit before changes in working capital		9,997,856	4,539,533	624,853	566,979
Changes in working capital:					
Inventories		(523,448)	7,689,621	-	-
Trade and other receivables		(4,763,278)	(44,088,300)	(1,619)	2,393
Trade and other payables		990,959	8,916,200	16,971	(11,253)
Cash generated from/(used in) operations		5,702,089	(22,942,946)	640,205	558,119
Tax paid		(2,559,275)	(2,217,020)	(286,484)	(260,955)
Tax refunded		465,683	15,022	-	-
Net cash from/(used in) operating activities		3,608,497	(25,144,944)	353,721	297,164
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(6,200,000)	(4,500,000)
Interest received		134,633	479,931	15,096	372,164
Investment in a subsidiary		-	-	-	(860,000)
Right-of-use assets					
- purchase	8(d)	(11,480)	(661,541)	-	-
- proceeds from disposal		-	98,000	-	-
Property, plant and equipment					
- purchase	7(d)	(10,684,465)	(6,275,565)	-	-
- proceeds from disposal		33,990	300,024	-	-
Net cash used in investing activities		(10,527,322)	(6,059,151)	(6,184,904)	(4,987,836)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(6,936,266)	(5,642,846)	-	-
Drawdown of revolving credit		-	3,000,000	-	-
Drawdown of term loans		4,975,200	-	-	-
Repayment of term loans		(2,795,522)	(1,875,348)	-	-
Net drawdown of bankers' acceptance		5,344,893	21,700,707	-	-
Placement of deposits pledged		(921,018)	(1,146,387)	-	-
Repayment of lease liabilities		(3,998,146)	(2,778,460)	-	-
Net cash (used in)/from financing activities		(4,330,859)	13,257,666	-	-
Net decrease in cash and cash equivalents		(11,249,684)	(17,946,429)	(5,831,183)	(4,690,672)
Effect of exchange rate changes on cash and cash equivalents		31,876	19,361	-	-
Cash and cash equivalents at beginning of financial year		59,287,192	77,214,260	22,220,412	26,911,084
Cash and cash equivalents at end of financial year	14(d)	48,069,384	59,287,192	16,389,229	22,220,412

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans (Note 17) RM	Bankers' acceptance (Note 17) RM	Revolving credit (Note 17) RM	Lease liabilities (Note 8) RM
As at 1 July 2024	10,651,769	80,956,723	3,000,000	14,173,072
Cash flows:				
- Drawdown of principal	4,975,200	225,564,063	-	-
- Repayment of principal	(2,795,522)	(220,219,170)	-	(3,998,146)
- Payment of interests	(649,387)	(3,940,674)	(199,452)	(790,519)
Non-cash flows:				
- Additions	-	-	-	1,447,879
- Interest expense	649,387	3,940,674	199,452	790,519
- Termination	-	-	-	(212,960)
- Reassessments	-	-	-	7,286
As at 30 June 2025	12,831,447	86,301,616	3,000,000	11,417,131
As at 1 July 2023	12,527,117	59,256,016	-	5,121,851
Cash flows:				
- Drawdown of principal	-	240,326,984	3,000,000	-
- Repayment of principal	(1,875,348)	(218,626,277)	-	(2,778,460)
- Payment of interests	(660,600)	(3,563,204)	(78,711)	(534,479)
Non-cash flows:				
- Additions	-	-	-	11,878,833
- Interest expense	660,600	3,563,204	78,711	534,479
- Termination	-	-	-	(66,451)
- Reassessments	-	-	-	17,299
As at 30 June 2024	10,651,769	80,956,723	3,000,000	14,173,072

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025

1. CORPORATE INFORMATION

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 of the Company is located at Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim.

The consolidated financial statements for the financial year ended 30 June 2025 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 October 2025.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities and the details of the subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

4. MATERIAL ACCOUNTING POLICIES

4.1 Basis of accounting

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

The preparation of financial statements in conformity with MFRSs and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- (a) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- (b) Substantive potential voting rights held by the Company and by other parties;
- (c) Other contractual arrangements; and
- (d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Other contingent consideration that:
 - (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9; and
 - (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

After initial recognition, property, plant and equipment except for freehold land and building are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Freehold land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the costs or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Machinery, factory equipment, tools and equipment	10% - 25%
Motor vehicle and forklifts	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Renovation	10% - 20%

Freehold land has unlimited useful life and is not depreciated. Construction work-in-progress comprises a factory under construction and is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

4.5 Leases

Right-of-use asset

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

Subsequent to the initial recognition, the right-of-use asset except for leasehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Leasehold land related to a class of property, plant and equipment to which the Group applies revaluation model in MFRS 116, the Group elects to apply revaluation model to all of the right-of-use asset that related to that class of property, plant and equipment.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Leasehold land	82 years to 94 years
Buildings	2 years to 7 years
Machinery	10%
Motor vehicle	20%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Investment properties

Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumption that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in fair value of investment properties is recognised in profit or loss for the period in which arises.

4.7 Investments

Subsidiaries

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. Cost of raw materials comprises all costs of purchase plus the costs of bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct costs and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments

At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(c) Equity instruments

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4.10 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables and amounts due from customers for contract works that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment of financial assets (continued)

In measuring the expected credit losses on trade receivables and amounts due from customers for contract works, the probability of non-payment by the trade receivables and amounts due from customers for contract works is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and amounts due from customers for contract works. For trade receivables and amounts due from customers for contract works, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivables and amounts due from customers for contract works would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and amounts due from customers for contract works and appropriate forward looking information.

Impairment for other receivables and amounts owing from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to any individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment from its other receivables.

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

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.12 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Revenue recognition (continued)

Site cleaning and replanting contracts

Contracts for site cleaning and replanting contracts comprise multiple deliverables which include a significant integration service and are therefore recognised as a single performance obligation. Revenue is recognised over time and progressively based on the percentage of completion determined by reference to the completion of the physical proportion of contract work to-date.

Management fees services

Management fees from the provision of management services are recognised over time when customers simultaneously receive and consume the benefits.

Revenue recognition not in relation to performance obligations is described below:

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(c) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

4.13 Operating segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision makers (i.e. the Group's Executive Directors) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.14 Fair value measurement

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>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 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Recoverability of trade receivables

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

30 JUNE 2025 (CONT'D)

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2023 RM	Additions RM	Disposals RM	Written off RM	Impairment loss RM	Transfer to right-of -use assets (Note 8) RM	Depreciation charge for the financial year RM	Balance as at 30.6.2024 RM
Carrying amount								
Freehold land	15,370,000	-	-	-	-	-	-	15,370,000
Buildings	55,410,000	309,595	-	-	(151,400)	-	(1,034,797)	54,533,398
Machinery, factory equipment, tools and equipment	9,317,623	983,612	-	(392)	(3,884,371)	-	(1,823,147)	4,593,325
Motor vehicle and forklifts	746,863	417,943	(1)	-	(5,134)	(409,761)	(125,629)	624,281
Office equipment, furniture and fittings	509,427	82,560	(4,662)	-	(344,243)	-	(95,931)	147,151
Renovation	665,683	39,200	-	-	(446,455)	-	(104,869)	153,559
Construction work-in-progress	-	4,858,955	-	-	-	-	-	4,858,955
	82,019,596	6,691,865	(4,663)	(392)	(4,831,603)	(409,761)	(3,184,373)	80,280,669
At 30.6.2024								
		Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM		
Freehold land	-	15,370,000	-	-	-	15,370,000		
Buildings	-	57,823,143	(1,310,025)	(1,979,720)	-	54,533,398		
Machinery, factory equipment, tools and equipment	25,123,665	-	(16,645,969)	(3,884,371)	-	4,593,325		
Motor vehicle and forklifts	4,469,702	-	(3,840,287)	(5,134)	-	624,281		
Office equipment, furniture and fittings	1,872,309	-	(1,380,915)	(344,243)	-	147,151		
Renovation	3,452,260	-	(2,852,246)	(446,455)	-	153,559		
Construction work-in-progress	4,858,955	-	-	-	-	4,858,955		
	39,776,891	73,193,143	(26,029,442)	(6,659,923)	-	80,280,669		

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Had the revalued freehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2025	2024
	RM	RM
Freehold land	6,343,186	6,343,186
Buildings	29,898,944	22,890,032
	36,242,130	29,233,218

- (b) As at the end of the reporting period, certain assets have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 17 to the financial statements as follows:

	Group	
	2025	2024
	RM	RM
Freehold land	11,780,000	11,780,000
Buildings	60,970,693	59,392,353
	72,750,693	71,172,353

- (c) The fair value of the properties of the Group are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2025				
Freehold land	–	–	15,370,000	15,370,000
Buildings	–	–	60,970,693	60,970,693
	–	–	76,340,693	76,340,693
2024				
Freehold land	–	–	15,370,000	15,370,000
Buildings	–	–	54,533,398	54,533,398
	–	–	69,903,398	69,903,398

- (i) The fair values of the freehold land and buildings ('properties') of the Group were estimated based on valuations by an independent qualified valuer. The Group engages an external, independent, and qualified valuer to determine the fair value of the Group's properties at least every three years. The last external independent valuation of these properties was performed on 30 June 2023. The fair value of the properties was determined by HASB Consultants Sdn. Bhd.. As at 30 June 2025, there was no change to the fair value of these properties.
- (ii) The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.
- (iii) There were no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2025 and 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) The fair value of the properties of the Group are categorised as follows (continued):

(iv) Method of valuation

Comparison method

The comparison method comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Cost method

Under the cost method, the value of the buildings are based on the estimated replacement cost less depreciation. The estimated replacement cost is the amount required to rebuild the entire building based on current market price for labour, materials, equipment and construction technique. The depreciation is based on the age and condition of the building to estimate the remaining useful life of the building.

(v) Description of valuation techniques used and key inputs to valuation on properties measured at Level 3 of the fair value hierarchy:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Freehold land	Comparison method	Price per square foot	RM6 to RM40 (2024: RM6 to RM40)	Lower or higher price per square foot, lower or higher fair value
Buildings	Cost method	Estimated replacement cost per square foot	RM54 to RM130 (2024: RM54 to RM120)	Lower or higher estimated replacement cost, higher or lower fair value

(vi) The following table shows a reconciliation of balances of properties whose fair value have been classified as Level 3 of the fair value hierarchy:

	Group	
	2025 RM	2024 RM
Balance as at beginning of financial year	69,903,398	70,780,000
Additions	–	309,595
Depreciation	(1,084,293)	(1,034,797)
Impairment loss recognised in other comprehensive income	–	(151,400)
Reclassification	7,521,588	–
Balance as at end of financial year	76,340,693	69,903,398

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	2025 RM	2024 RM
Additions of property, plant and equipment	10,684,465	6,691,865
Amount owing to vendors	–	(416,300)
Cash payments on purchase of property, plant and equipment	10,684,465	6,275,565

(e) During the financial year, the Group has written off property, plant and equipment amounted to RM2,141 (2024: RM392).

(f) Assets for which recoverable amount is measured at fair value

Impairment losses on property, plant and equipment of the Group of RM388,426 (2024: RM4,680,203) and RM Nil (2024: RM151,400) were recognised within administrative expenses and other comprehensive income in the statement of profit or loss and other comprehensive income of the Group respectively during the financial year due to decline in operations of certain subsidiaries.

Recoverable amount is based on the fair value less costs of disposal (“FVLCD”) for the property, plant and equipment of the affected subsidiaries. In determining the FVLCD, the Group has applied the valuation methodologies as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2025				
Buildings	–	–	14,593,255	14,593,255
Machinery, factory equipment, tools and equipment	–	–	8,718,324	8,718,324
	–	–	23,311,579	23,311,579
2024				
Buildings	–	–	7,267,200	7,267,200
Machinery, factory equipment, tools and equipment	–	–	1,997,264	1,997,264
	–	–	9,264,464	9,264,464

The valuation method for buildings is based on cost approach. Cost approach entails estimating replacement cost required to rebuild the entire building based on current market price for labour, materials, equipment and construction technique. The value of the buildings are based on the estimated replacement cost less depreciation. The depreciation is based on the age and condition of the building to estimate the remaining useful life of the building.

The valuation method for machinery, factory equipment, tools and equipment is based on market data approach. The market data approach is used in valuing assets where there is an established market comparable. This considers prices for offers and/or transacted sales for similar assets, and where further adjustments (if deemed needed) are then imputed relative to these comparable data, to reflect the condition and utility of the subject assets in order to arrive at the fair market value.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(I) Right-of-use assets

Carrying amount	Balance as at 1.7.2024	Additions	Termination	Impairment loss	Reassessments	Transfer from property, plant and equipment (Note 7)		Balance as at 30.6.2025
	RM	RM	RM	RM	RM	RM	RM	RM
Leasehold land	21,755,700	-	-	-	-	-	(298,669)	21,457,031
Buildings	802,044	759,379	(2,619)	(526,576)	7,286	-	(568,337)	471,177
Machinery	205,417	-	-	-	-	-	(24,650)	180,767
Motor vehicle	12,448,845	364,486	-	-	-	335,494	(3,244,381)	9,904,444
	35,212,006	1,123,865	(2,619)	(526,576)	7,286	335,494	(4,136,037)	32,013,419
At 30.6.2025								

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

	Balance as at 1.7.2023		Additions	Disposal	Termination	Impairment loss	Reassessments	Transfer from property, plant and equipment (Note 7)		Balance as at 30.6.2024
	Carrying amount	RM	RM	RM	RM	RM	RM	RM	RM	RM
Leasehold land	22,250,000		-	-	-	(191,603)	-	-	(302,697)	21,755,700
Buildings	1,789,548		899,520	-	(63,020)	(1,017,912)	17,299	-	(823,391)	802,044
Machinery	230,067		-	-	-	-	-	-	(24,650)	205,417
Motor vehicle	3,252,653		11,640,854	(82,299)	-	(505,121)	-	409,761	(2,267,003)	12,448,845
	27,522,268		12,540,374	(82,299)	(63,020)	(1,714,636)	17,299	409,761	(3,417,741)	35,212,006

At 30.6.2024					
	Cost	Valuation	Accumulated depreciation	Accumulated impairment	Carrying amount
	RM	RM	RM	RM	RM
Leasehold land	-	22,250,000	(302,697)	(191,603)	21,755,700
Buildings	4,272,504	-	(2,452,548)	(1,017,912)	802,044
Machinery	246,500	-	(41,083)	-	205,417
Motor vehicle	17,158,034	-	(4,204,068)	(505,121)	12,448,845
	21,677,038	22,250,000	(7,000,396)	(1,714,636)	35,212,006

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(II) Lease liabilities

	Group	
	2025 RM	2024 RM
Balance as at 1 July 2024/2023	14,173,072	5,121,851
Additions	1,447,879	11,878,833
Lease payment	(4,788,665)	(3,312,939)
Termination	(212,960)	(66,451)
Reassessments	7,286	17,299
Interest expense	790,519	534,479
Balance as at 30 June 2025/2024	11,417,131	14,173,072
Represented by:		
Current liabilities	3,805,208	3,768,420
Non-current liabilities	7,611,923	10,404,652
	11,417,131	14,173,072
Lease liabilities owing to financial institutions	9,897,475	12,237,789
Lease liabilities owing to non-financial institutions	1,519,656	1,935,283
	11,417,131	14,173,072

- (a) As at the end of the reporting period, leasehold land with a carrying amount of RM21,061,077 (2024: RM21,302,723) have been charged to financial institutions for credit facilities granted to the Group as disclosed in Note 17 to the financial statements.
- (b) The Group has certain leases of machinery with lease term of 12 months or less. The Group applies the “short-term lease” exemptions for these leases.
- (c) The following are the amounts recognised in profit or loss:

	Group	
	2025 RM	2024 RM
Depreciation of right-of-use assets (included in cost of sales and administrative expenses)	4,136,037	3,417,741
Impairment loss on right-of-use assets (included in administrative expenses)	526,576	1,523,033
Interest expense on lease liabilities (included in finance costs)	790,519	534,479
Gain on disposal (included in other income)	–	(15,701)
Gain on lease termination (included in other income)	(210,341)	(3,431)
Expense relating to short-term leases (included in cost of sales)	155,600	106,800

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(II) Lease liabilities (continued)

(d) During the financial year, the Group made the following cash payments on right-of-use assets:

	Group	
	2025 RM	2024 RM
Additions of right-of-use assets	1,123,865	12,540,374
Transfer from property, plant and equipment	335,494	-
Financed by lease arrangement:		
- addition of right-of-use assets for machinery	(688,500)	(10,979,313)
- addition of right-of-use assets for buildings	(759,379)	(899,520)
Net cash payments on right-of-use assets	11,480	661,541

(e) The following are total cash outflows for leases as a lessee:

	Group	
	2025 RM	2024 RM
Included in net cash flow from operating activities:		
Payment relating to short-term leases	155,600	106,800
Included in net cash flow from investing activities:		
Net cash payments on purchase of right-of-use assets	11,480	661,541
Included in net cash flow from financing activities:		
Payment of lease liabilities	3,998,146	2,778,460
Payment of lease interests	790,519	534,479
Total cash outflows for leases	4,955,745	4,081,280

(f) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

(g) Weighted average incremental borrowing rate of the lease liabilities of the Group as at the end of the reporting period is 4.15% (2024: 4.07%) per annum.

(h) Had the revalued leasehold land been carried at historical cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2025 RM	2024 RM
Leasehold land	8,134,538	8,249,035

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(II) Lease liabilities (continued)

- (i) The fair value of the properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2025				
Leasehold land	–	–	21,457,031	21,457,031
2024				
Leasehold land	–	–	21,755,700	21,755,700

- (i) The fair values of the leasehold land ('properties') of the Group were estimated based on valuations by an independent qualified valuer. The Group engages an external, independent, and qualified valuer to determine the fair value of the Group's properties at least every three years. The last external independent valuation of these properties was performed on 30 June 2023. The fair value of the properties was determined by HASB Consultants Sdn. Bhd.. As at 30 June 2025, there was no change to the fair value of these properties.
- (ii) The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.
- (iii) There was no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2025 and 30 June 2024.
- (iv) Method of valuation

Comparison method

The comparison method comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

- (v) Description of valuation techniques used and key inputs to valuation on properties measured at Level 3 of the fair value hierarchy:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Leasehold land	Comparison method	Price per square foot	RM6 to RM40 (2024: RM6 to RM40)	Lower or higher price per square foot, lower or higher fair value

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(II) Lease liabilities (continued)

(i) The fair value of the properties of the Group are categorised as follows (continued):

(vi) The following table shows a reconciliation of balances of properties whose fair value have been classified in Level 3 of the fair value hierarchy:

	Group	
	2025 RM	2024 RM
Balance as at 1 July 2024/2023	21,755,700	22,250,000
Depreciation	(298,669)	(302,697)
Impairment loss recognised in other comprehensive income	–	(191,603)
Balance as at 30 June 2025/2024	21,457,031	21,755,700

(j) Assets for which recoverable amount is measured at fair value

Impairment losses on right-of-use assets of the Group of RM526,576 (2024: RM1,523,033) and RM Nil (2024: RM191,603) was recognised within administrative expenses and other comprehensive income in the statement of profit or loss and other comprehensive income of the Group respectively during the financial year due to decline in operations of certain subsidiaries.

Recoverable amount is based on the fair value less costs of disposal (“FVLCD”) for the right-of-use assets of the affected subsidiaries. In determining the FVLCD, the Group has applied the valuation methodologies as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2025				
Leasehold land	–	–	6,974,724	6,974,724
Motor vehicle	–	–	171,591	171,591
	–	–	7,146,315	7,146,315
2024				
Leasehold land	–	–	7,075,200	7,075,200
Motor vehicle	–	–	286,841	286,841
	–	–	7,362,041	7,362,041

The valuation method for leasehold land is based on comparison approach which entails analysing recent sale transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, size, age and condition of unit and building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

The valuation method for motor vehicle is based on market data approach. The market data approach is used in valuing assets where there is an established market comparable. This considers prices for offers and/or transacted sales for similar assets, and where further adjustments (if deemed needed) are then imputed relative to these comparable data, to reflect the condition and utility of the subject assets in order to arrive at the fair market value.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

9. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2024 RM	Addition RM	Balance as at 30.6.2025 RM
At fair value			
Freehold land	4,490,000	–	4,490,000
Freehold building	8,540,000	–	8,540,000
	13,030,000	–	13,030,000

Group	Balance as at 1.7.2023 RM	Addition RM	Balance as at 30.6.2024 RM
At fair value			
Freehold land	4,490,000	–	4,490,000
Freehold building	8,540,000	–	8,540,000
	13,030,000	–	13,030,000

- (a) At the end of the reporting period, investment properties with a carrying amount of RM13,030,000 (2024: RM13,030,000) have been charged to a financial institution for credit facilities granted to Group as disclosed in Note 17 to the financial statements.
- (b) The following are recognised in profit or loss:

	Group	
	2025 RM	2024 RM
Lease income	396,000	396,000
Direct operating expenses - generating rental income	19,481	18,704

- (c) The fair value of the investment properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2025				
Freehold land	–	–	4,490,000	4,490,000
Freehold building	–	–	8,540,000	8,540,000
	–	–	13,030,000	13,030,000
2024				
Freehold land	–	–	4,490,000	4,490,000
Freehold building	–	–	8,540,000	8,540,000
	–	–	13,030,000	13,030,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

9. INVESTMENT PROPERTIES (CONTINUED)

(c) The fair value of the investment properties of the Group are categorised as follows: (continued)

- (i) The fair values of the freehold land and building ('properties') of the Group were estimated based on valuations by an independent qualified valuer. The Group engages an external, independent, and qualified valuer, HASB Consultants Sdn. Bhd., to determine the fair value of the Group's properties. As at 30 June 2025, there was no change to the fair value of these properties.
- (ii) The fair value measurements of the properties (at fair value) are based on the highest and best use which does not differ from their actual use.
- (iii) There was no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 30 June 2025 and 30 June 2024.
- (iv) Method of valuation

Comparison method

The comparison method comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Cost method

Under the cost method, the value of the buildings are based on the estimated replacement cost less depreciation. The estimated replacement cost is the amount required to rebuild the entire building based on current market price for labour, materials, equipment and construction technique. The depreciation is based on the age and condition of the building to estimate the remaining useful life of the building.

- (v) Description of valuation techniques used and key inputs to valuation on properties measured at Level 3 of the fair value hierarchy:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Freehold land	Comparison method	Price per square foot	RM40 (2024: RM40)	Lower or higher price per square foot, lower or higher fair value.
Freehold building	Cost method	Estimated replacement cost per square foot	RM119 (2024: RM119)	Lower or higher estimated replacement cost, higher or lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

9. INVESTMENT PROPERTIES (CONTINUED)

(d) The Group as lessor

The Group has entered into non-cancellable lease agreements for premises renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2025	2024
	RM	RM
Less than one year	132,000	1,386,000
One to two years	–	273,000
	132,000	1,659,000

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
	RM	RM
Unquoted shares, at cost	117,797,457	117,797,457
Less: Impairment loss on investment in unquoted shares	(26,541,513)	(16,097,949)
	91,255,944	101,699,508

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025	2024	
		RM	RM	
Sern Kou Furniture Industries Sdn. Bhd. (“SKFI”) #	Malaysia	100	100	Manufacturing, processing and trading all kinds of timber, wood and related products
S.K. Furniture Sdn. Bhd. (“SKF”) #	Malaysia	100	100	Manufacturing and trading wooden furniture
Valued Products (M) Sdn. Bhd. (“VPM”) #	Malaysia	100	100	Manufacturing, processing, trading and transportation of all kinds of timber, wood and related products
Souncern Timber Sdn. Bhd. (“ST”) #	Malaysia	100	100	Logging, processing and trading of rubber wood and timber
SK Sustainable Forestry Development Sdn. Bhd. (“SKSF”) #	Malaysia	100	100	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts
Subsidiary of VPM				
Sern Kou Plywood Sdn. Bhd. (“SKPW”) #	Malaysia	51	51	Manufacturing of plywood and related products

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025 RM	2024 RM	
Subsidiary of ST				
SK Biotech Sdn. Bhd. (“SKB”) #	Malaysia	51	51	Research and development on biotechnology, laboratory and related products and services

Audited by BDO PLT

(b) Subsidiaries of the Group which have non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Group	
	2025 %	2024 %	2025 RM	2024 RM
Carrying amount of NCI				
SKPW	49	49	2,441,395	3,154,062
SKB	49	49	(870,121)	(496,099)
			1,571,274	2,657,963
Loss for the financial year/Total comprehensive loss allocated to NCI				
SKPW			(712,667)	(815,181)
SKB			(374,022)	(469,256)
			(1,086,689)	(1,284,437)

(c) Summarised financial information before intra-group elimination of subsidiaries that have NCI as at the end of each reporting period are as follows:

	SKPW	
	2025 RM	2024 RM
Assets and liabilities		
Non-current assets	1,775,274	2,497,915
Non-current liabilities	(204,601)	(123,308)
Current assets	7,853,799	8,122,669
Current liabilities	(4,442,033)	(4,060,415)
Net assets	4,982,439	6,436,861

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (c) Summarised financial information before intra-group elimination of subsidiaries that have NCI as at the end of each reporting period are as follows: (continued)

	SKPW	
	2025 RM	2024 RM
Results		
Revenue	17,380,093	15,400,157
Loss for the financial year	(1,454,422)	(1,663,634)
Cash flows from operating activities	436,120	129,573
Cash flows used in investing activities	(19,455)	(37,161)
Cash flows used in financing activities	(373,223)	(369,311)
Net increase/(decrease) in cash and cash equivalents	43,442	(276,899)
Dividend paid to NCI	–	–
Assets and liabilities		
Non-current assets	121,321	154,104
Non-current liabilities	(51,774)	(242,588)
Current assets	417,753	581,440
Current liabilities	(2,263,057)	(1,505,403)
Net liabilities	(1,775,757)	(1,012,447)
Results		
Revenue	832,223	833,751
Loss for the financial year	(763,310)	(957,666)
Cash flows from/(used in) operating activities	628,153	(375,290)
Cash flows (used in)/from investing activities	(603,831)	488,718
Cash flows used in financing activities	(162,464)	(117,864)
Net decrease in cash and cash equivalents	(138,142)	(4,436)
Dividend paid to NCI	–	–

- (d) In the previous financial year, the Company acquired 1,000,000 ordinary share in a subsidiary, SKSF, from its wholly-owned subsidiary, ST, representing 100% equity interest in SKSF for a cash consideration of RM860,000. This acquisition did not have any material impact to the Group.
- (e) In the previous financial year, the Company subscribed for an additional 4,000,000 ordinary shares in a wholly-owned subsidiary, SKSF, representing 100% equity interest in the share capital of SKSF for elimination against amount owing from the subsidiary. Consequently there was no change in the effective equity interest held by the Group in SKSF.
- (f) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less costs to disposal of the underlying assets or the value in use of the respective subsidiaries. As at the end of reporting period, the Company had made an impairment of RM26,541,513 (2024: RM16,097,949) in respect of a subsidiary due to poor financial position of the subsidiary. The recoverable amount of the cost of investment in the subsidiary was based on its fair value less costs to disposal ("FVLCTD") of the underlying assets which was within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

11. INVENTORIES

	Group	
	2025 RM	2024 RM
At cost		
Raw materials	7,422,296	8,865,419
Work-in-progress	7,250,458	5,605,968
Finished goods	5,411,387	4,336,493
	20,084,141	18,807,880
At net realisable value		
Work-in-progress	–	370,848
Finished goods	1,355,031	1,936,996
	21,439,172	21,115,724

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM428,574,981 (2024: RM443,933,611).

(b) During the financial year, the Group had written down inventories of RM200,000 (2024: RM Nil) in the other operating expenses.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Trade receivables					
Third parties		153,877,177	147,820,799	–	–
Amounts due from customers for contract works	13	501,937	949,940	–	–
		154,379,114	148,770,739	–	–
Less: Impairment losses on third party		(1,371,161)	(1,371,161)	–	–
Trade receivables - net		153,007,953	147,399,578	–	–
Other receivables					
Amounts owing from subsidiaries		–	–	13,200,000	7,000,000
Deposits		1,826,019	996,429	–	–
Third parties		645,611	656,110	–	–
		2,471,630	1,652,539	13,200,000	7,000,000
Less: Impairment losses on other receivables		(559,297)	(559,297)	(8,200,000)	(3,000,000)
		1,912,333	1,093,242	5,000,000	4,000,000
Total receivables		154,920,286	148,492,820	5,000,000	4,000,000
Prepayments		6,523,660	8,187,848	15,407	13,788
		161,443,946	156,680,668	5,015,407	4,013,788

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 15 to 120 days (2024: 15 to 120 days). They are recognised at their original invoice amounts, which represent their fair value on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The currency exposure profile of total receivables is as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	153,378,846	146,043,837	5,000,000	4,000,000
United States Dollar	1,049,860	1,183,996	–	–
Chinese Renminbi	491,580	1,264,987	–	–
	154,920,286	148,492,820	5,000,000	4,000,000

(c) The reconciliation of movements in the impairment losses on trade receivables is as follows:

	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
Group			
At 1 July 2024/30 June 2025	454,000	917,161	1,371,161
At 1 July 2023	454,000	1,331,599	1,785,599
Reversal of impairment loss	–	(103,673)	(103,673)
Written off	–	(310,765)	(310,765)
At 30 June 2024	454,000	917,161	1,371,161

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(d) Lifetime expected loss allowance for trade receivables of the Group are as follows:

	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
Not past due	129,145,935	(359,000)	128,786,935
Past due:			
1 to 30 days	15,303,920	(65,000)	15,238,920
31 to 60 days	4,012,671	(18,000)	3,994,671
61 to 90 days	857,286	(4,000)	853,286
More than 90 days	3,640,204	(8,000)	3,632,204
	23,814,081	(95,000)	23,719,081
Credit impaired - individual assessment	917,161	(917,161)	–
As at 30 June 2025	153,877,177	(1,371,161)	152,506,016

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Lifetime expected loss allowance for trade receivables of the Group are as follows: (continued)

	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
Not past due	122,065,717	(300,000)	121,765,717
Past due:			
1 to 30 days	18,791,563	(74,000)	18,717,563
31 to 60 days	1,485,878	(5,000)	1,480,878
61 to 90 days	885,655	(2,000)	883,655
More than 90 days	3,674,825	(73,000)	3,601,825
	24,837,921	(154,000)	24,683,921
Credit impaired - individual assessment	917,161	(917,161)	–
As at 30 June 2024	147,820,799	(1,371,161)	146,449,638

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(e) The reconciliation of movements in the impairment losses on other receivables is as follows:

	Lifetime ECL - credit impaired RM
Group	
As at 30 June 2024/30 June 2025	559,297
Company	
As at 1 July 2023	–
Charge for the financial year	3,000,000
As at 30 June 2024/1 July 2024	3,000,000
Charge for the financial year	5,200,000
As at 30 June 2025	8,200,000

Other receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(f) Amounts owing from subsidiaries are unsecured, interest-free and payable within the next twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) Included in prepayments of the Group are:

- (i) RM1,387,486 (2024: RM1,795,089) representing advance payments for purchase of raw materials;
- (ii) RM476,710 (2024: RM686,305) representing prepayments for workers related levies; and
- (iii) RM1,515,468 (2024: RM2,685,929) representing prepayments for purchase of property, plant and equipment and right-of-use assets.

(h) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

13. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

		Group	
	Note	2025 RM	2024 RM
Amounts due from customers for contract works	12	501,937	949,940
Amount due to customer for contract work	19	–	(856,732)
		501,937	93,208

(a) Amounts due from/(to) customers for contract works represent the timing differences in satisfaction of performance obligations and the progress billings as at the end of the reporting period.

Amount due from customers for contract works are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Amount due to customers for contract works are reversed when performance obligations are satisfied.

(b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period are within a (1) year.

(c) No expected credit loss is recognised arising from amounts due from customers for contract works as the amount is negligible.

14. CASH AND BANK BALANCES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	52,117,049	61,566,996	16,389,229	22,220,412
Deposits with licensed banks	3,209,063	2,288,045	–	–
	55,326,112	63,855,041	16,389,229	22,220,412

(a) Deposits with licensed banks of the Group have maturity period range from 3 months to 12 months (2024: 3 to 12 months).

(b) As at the end of the reporting period, deposits with licensed banks of the Group amounting to RM3,209,063 (2024: RM2,288,045) has been pledged to financial institution as security for credit facilities granted to the Group as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

14. CASH AND BANK BALANCES (CONTINUED)

(c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Ringgit Malaysia	54,266,696	62,429,719	16,389,229	22,220,412
United States Dollar	945,360	1,386,428	–	–
Chinese Renminbi	98,468	35,028	–	–
Others	15,588	3,866	–	–
	55,326,112	63,855,041	16,389,229	22,220,412

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

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Cash and bank balances	52,117,049	61,566,996	16,389,229	22,220,412
Deposits with licensed banks	3,209,063	2,288,045	–	–
	55,326,112	63,855,041	16,389,229	22,220,412
Less:				
Deposits pledged with licensed banks	(3,209,063)	(2,288,045)	–	–
Bank overdrafts included in borrowings (Note 17)	(4,047,665)	(2,279,804)	–	–
	48,069,384	59,287,192	16,389,229	22,220,412

(e) No expected credit losses are recognised arising from the deposits with licensed banks because the probability of default by these licensed banks is negligible.

(f) Information on financial risks of cash and bank balances is disclosed in Note 31 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2025		2024	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares with no par value:				
As at beginning/end of financial year	1,078,097,542	106,783,251	1,078,097,542	106,783,251

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

16. RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-distributable:				
Revaluation reserve	44,601,877	44,601,877	–	–
Distributable:				
Retained earnings	61,387,451	67,271,511	5,817,075	21,070,773
	105,989,328	111,873,388	5,817,075	21,070,773

Revaluation reserve

Revaluation reserve represents net revaluation surplus of property, plant and equipment and right-of-use assets.

17. BORROWINGS

	Note	Group 2025 RM	2024 RM
Non-current liabilities			
Term loans		7,373,884	8,867,478
Current liabilities			
Bank overdrafts		4,047,665	2,279,804
Bankers' acceptance		86,301,616	80,956,723
Revolving credit		3,000,000	3,000,000
Term loans		5,457,563	1,784,291
		98,806,844	88,020,818
Total borrowings			
Bank overdrafts	14	4,047,665	2,279,804
Bankers' acceptance		86,301,616	80,956,723
Revolving credit		3,000,000	3,000,000
Term loans		12,831,447	10,651,769
		106,180,728	96,888,296

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

17. BORROWINGS (CONTINUED)

Term loans can be further analysed as follows:

	Group	
	2025 RM	2024 RM
Current liabilities		
- not later than one year	5,457,563	1,784,291
Non-current liabilities		
- later than one year and not later than five years	4,444,658	4,887,585
- later than five years	2,929,226	3,979,893
	7,373,884	8,867,478
	12,831,447	10,651,769

- (a) Bank overdrafts, bankers' acceptance, revolving credit and term loans are secured by:
- (i) legal charge over certain freehold land, leasehold land, buildings, and investment properties of certain subsidiaries as disclosed in Note 7, Note 8 and Note 9 to the financial statements;
 - (ii) deposits with licensed banks of the Group as disclosed in Note 14 to the financial statements; and
 - (iii) a corporate guarantee of the Company as disclosed in Note 21 to the financial statements.
- (b) All borrowings are denominated in RM.
- (c) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 31 to the financial statements.

18. DEFERRED TAX LIABILITIES

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2025 RM	2024 RM
Balance at beginning of financial year	15,763,199	15,763,448
Recognised in profit or loss (Note 25)	(118,768)	82,071
Recognised in other comprehensive income (Note 25(a))	-	(82,320)
Balance at end of financial year	15,644,431	15,763,199
Presented after appropriate offsetting:		
Deferred tax assets	(902,813)	(537,647)
Deferred tax liabilities	16,547,244	16,300,846
Balance at end of financial year	15,644,431	15,763,199

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

18. DEFERRED TAX LIABILITIES (CONTINUED)

(b) The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM	Investment properties RM	Revaluation reserves RM	Other temporary differences RM	Total RM
As at 1 July 2024	2,316,371	2,352,357	12,504,284	(1,409,564)	15,763,448
Recognised in profit or loss	(789,846)	–	–	871,917	82,071
Recognised in other comprehensive income	–	–	(82,320)	–	(82,320)
As at 30 June 2024 Recognised in profit or loss	1,526,525	2,352,357	12,421,964	(537,647)	15,763,199
As at 30 June 2025	246,398	–	–	(365,166)	(118,768)
	1,772,923	2,352,357	12,421,964	(902,813)	15,644,431

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group 2025 RM	2024 RM
Unused tax losses:		
- Expires by 30 June 2028	839,000	839,000
- Expires by 30 June 2029	1,862,000	1,862,000
- Expires by 30 June 2031	50,000	50,000
- Expires by 30 June 2032	1,347,000	1,347,000
- Expires by 30 June 2033	6,198,000	6,198,000
- Expires by 30 June 2034	10,178,000	10,178,000
- Expires by 30 June 2035	10,703,000	–
Unabsorbed capital allowances - No expiry date	7,631,000	3,942,000
Incentive - Expires by 30 June 2025	–	183,000
Incentive - No expiry date	2,905,000	2,905,000
Other temporary differences	(503,000)	1,439,000
	41,210,000	28,943,000

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
Trade payables					
Third parties		12,590,370	14,995,732	–	–
Amount due to customer for contract work	13	–	856,732	–	–
		12,590,370	15,852,464	–	–
Other payables					
Third parties		8,283,208	5,858,490	41,375	29,330
Accruals		2,654,010	2,543,954	87,142	82,216
Deposits received		1,500,862	118,077	–	–
		12,438,080	8,520,521	128,517	111,546
		25,028,450	24,372,985	128,517	111,546

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 to 120 days (2024: 15 to 120 days).

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	24,845,998	23,972,412	128,517	111,546
Chinese Renminbi	182,452	400,573	–	–
	25,028,450	24,372,985	128,517	111,546

(c) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

20. CAPITAL COMMITMENTS

	Group	
	2025 RM	2024 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	90,409	3,858,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

21. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2025	2024
	RM	RM
Corporate guarantees - unsecured		
In favour of banks for banking facilities granted to subsidiaries:		
- limit of guarantee	143,671,000	138,671,000
- amount utilised	106,562,728	97,270,296

The Company has financial guarantee contracts of RM143,671,000 (2024: RM138,671,000) in respect of financial guarantees given to financial institutions for credit facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to service their loans regularly.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contract with Customers*.

The Company assumes that there is significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiaries are unlikely to repay its credit obligation to the bank in full or the subsidiaries are continuously loss making and are having a deficit shareholders' fund. The Company determines the probability of default of the guaranteed loans individually using internal information available.

Financial guarantees have not been recognised since the fair value was not material on initial recognition. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

22. REVENUE

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Revenue from contracts with customers				
Recognised at point in time:				
Sale of goods	481,921,311	488,661,621	–	–
Recognised over time:				
Site cleaning and replanting contracts	4,777,877	5,107,680	–	–
Management services rendered	–	–	1,980,000	1,980,000
	486,699,188	493,769,301	1,980,000	1,980,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

23. FINANCE COSTS

	Group	
	2025 RM	2024 RM
Interest expenses on:		
- bank overdrafts	1,356,234	805,852
- bankers' acceptance	3,940,674	3,563,204
- term loans	649,387	660,600
- revolving credit	199,452	78,711
- lease liabilities	790,519	534,479
	6,936,266	5,642,846

24. LOSS BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the loss before taxation is arrived at:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
After charging:				
Auditors' remuneration:				
- statutory audit:				
- current year	168,000	163,000	35,000	34,000
- over provision in prior year	-	(2,000)	-	-
- non-statutory audit	5,000	5,000	5,000	5,000
Realised loss on foreign exchange	745,720	-	-	-
And crediting:				
Gain on disposals of:				
- property, plant and equipment	21,102	295,361	-	-
- right-of-use assets	-	15,701	-	-
Gain on lease termination	(210,341)	(3,431)	-	-
Lease income from:				
- investment properties	396,000	396,000	-	-
- other assets	687,600	687,600	-	-
Gain on foreign exchange:				
- realised	-	95,236	-	-
- unrealised	31,876	19,361	-	-
Interest income	134,633	479,931	15,096	372,164

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

25. TAXATION

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Income tax expense for the financial year:				
- Current year	2,452,157	1,886,583	197,451	240,000
- (Over)/Under provision in prior years	(124,230)	267,002	52,632	65,968
	2,327,927	2,153,585	250,083	305,968
Deferred tax (Note 18)				
- Relating to origination and reversal of temporary differences	163,154	(188,812)	-	-
- (Over)/Under provision in prior years	(281,922)	270,883	-	-
	(118,768)	82,071	-	-
	2,209,159	2,235,656	250,083	305,968

The Malaysian income tax is calculated at the statutory tax rate of 24% (2024: 24%) of the estimated taxable profit for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss before taxation	(4,761,590)	(12,991,597)	(15,003,615)	(18,158,806)
Tax at Malaysian tax rate of 24% (2024: 24%)	(1,142,782)	(3,117,985)	(3,600,868)	(4,358,113)
Tax effects in respect of:				
Deferred tax assets not recognised	2,944,080	4,027,860	-	-
Non-taxable income	(73,786)	(190,331)	-	-
Non-allowable expenses	887,799	978,227	3,798,319	4,598,113
	2,615,311	1,697,771	197,451	240,000
(Over)/Under provision in prior years				
- Current tax	(124,230)	267,002	52,632	65,968
- Deferred tax	(281,922)	270,883	-	-
	2,209,159	2,235,656	250,083	305,968

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

Group	Before tax RM	Tax effect RM	After tax RM
2024			
Items that will not be reclassified subsequently to profit or loss			
Impairment loss	(343,003)	82,320	(260,683)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

26. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

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

	Group	
	2025	2024
	RM	RM
Loss attributable to equity holders of the parent (RM)	5,884,060	13,942,816
Weighted average number of ordinary shares in issue	1,078,097,542	1,078,097,542
Basic loss per ordinary share (sen)	0.55	1.29

(b) Diluted loss per ordinary share

Diluted loss per ordinary share for the current and previous financial years is equal to the basic loss per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

27. EMPLOYEE BENEFITS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Salaries, wages, bonuses and allowances	30,467,408	25,053,563	315,000	315,000
Contributions to defined contribution plan	1,064,812	1,059,342	37,800	37,800
Social security contribution	385,452	242,680	1,334	1,159
Other benefits	2,001,830	1,670,582	22,432	22,085
Fees	718,200	718,200	718,200	718,200
	34,637,702	28,744,367	1,094,766	1,094,244

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM3,330,976 (2024: RM3,329,794) and RM369,746 (2024: RM369,442) respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

27. EMPLOYEE BENEFITS (CONTINUED)

(a) Directors' remuneration

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors of the Company				
Executive Directors:				
- salaries	2,172,000	2,172,000	252,000	252,000
- bonus	703,000	703,000	63,000	63,000
- defined contribution plan	345,000	345,000	37,800	37,800
- others	15,082	14,075	9,746	9,442
	3,235,082	3,234,075	362,546	362,242
- fees	7,200	7,200	7,200	7,200
	3,242,282	3,241,275	369,746	369,442
Director of the subsidiary				
- salaries	72,000	72,000	-	-
- bonus	6,000	6,000	-	-
- defined contribution plan	9,360	9,360	-	-
- others	1,334	1,159	-	-
	88,694	88,519	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	3,330,976	3,329,794	369,746	369,442
Directors of the Company				
Estimated monetary value of benefits-in-kind	108,450	92,120	-	-
Total Executive Directors' remuneration including benefits-in-kind	3,439,426	3,421,914	369,746	369,442
Non-Executive Directors:				
- fees	711,000	711,000	711,000	711,000
- others	14,020	13,802	14,020	13,802
Total Non-Executive Directors' remuneration	725,020	724,802	725,020	724,802
Total Directors' remuneration (Note 28(c))	4,164,446	4,146,716	1,094,766	1,094,244

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

28. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Identities of related parties (continued)

Related parties of the Group include:

- (i) Direct and indirect subsidiaries; and
- (ii) Key management personnel whom are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group directly and indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group.

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Subsidiaries				
Management fees received from:				
- Sern Kou Furniture Industries Sdn. Bhd.	-	-	(540,000)	(540,000)
- Valued Products (M) Sdn. Bhd.	-	-	(660,000)	(660,000)
- Souncern Timber Sdn. Bhd.	-	-	(420,000)	(420,000)
- S.K. Furniture Sdn. Bhd.	-	-	(180,000)	(180,000)
- Sern Kou Plywood Sdn. Bhd.	-	-	(180,000)	(180,000)
Related party				
Rental expenses paid	192,000	192,000	-	-

Material balances with related parties at the end of reporting period are disclosed in Note 12 to the financial statements.

The related party transactions described above were carried out on terms and conditions agreed between the parties.

(c) Compensation of key management personnel

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors' remuneration (Note 27(a))	4,164,446	4,146,716	1,094,766	1,094,244
Other key management				
Basic salaries and bonus	312,200	303,200	-	-
Defined contribution plan	37,600	36,718	-	-
Social contribution	2,771	2,423	-	-
	352,571	342,341	-	-
	4,517,017	4,489,057	1,094,766	1,094,244

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

29. OPERATING SEGMENTS

Sern Kou Resources Berhad and its subsidiaries are principally engaged in investment holding, providing management services, manufacturing of wooden furniture, manufacturing and processing of all kinds of timber, wood and related products, logging and processing of rubber wood and timber and manufacturing of plywood and related products.

Sern Kou Resources Berhad has arrived at three reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Investment holding

(ii) Manufacturing and trading of furniture

Manufacturing and trading of wooden furniture.

(iii) Processing and trading of wood

Processing and trading of rubber wood, timber logs and related products.

The accounting policies of operating segments are the same as those described in the summary of material accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain aspect as explained in the table below, it is measured differently from operating profit in the consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

Group 2025	Reportable segments			Total RM
	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	
Revenue				
Total revenue	42,346,430	453,131,129	1,980,000	497,457,559
Inter-segment revenue	(477,800)	(8,300,571)	(1,980,000)	(10,758,371)
Revenue from external customers	41,868,630	444,830,558	–	486,699,188
Interest income	48,494	71,043	15,096	134,633
Interest expense	(737,025)	(6,199,241)	–	(6,936,266)
Net interest expense	(688,531)	(6,128,198)	15,096	(6,801,633)
Segment (loss)/profit before taxation	(10,234,982)	4,833,443	639,949	(4,761,590)
Segment assets	78,405,227	275,446,019	16,659,636	370,510,882
Segment liabilities	35,805,152	106,692,640	128,517	142,626,309

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

29. OPERATING SEGMENTS (CONTINUED)

Group 2025	Reportable segments			Total RM
	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	
Other information				
Gain/(Loss) on disposal of property, plant and equipment	24,990	(3,888)	–	21,102
Property, plant and equipment written off	–	(2,141)	–	(2,141)
Inventories written down	(200,000)	–	–	(200,000)
Unrealised (loss)/gain on foreign exchange	(19,329)	51,205	–	31,876
Depreciation of:				
- property, plant and equipment	(1,238,641)	(1,729,311)	–	(2,967,952)
- right-of-use assets	(327,453)	(3,808,584)	–	(4,136,037)
Additions to non-current assets:				
- property, plant and equipment	10,605,081	79,384	–	10,684,465
- right-of-use assets	633,624	490,241	–	1,123,865
Impairment loss on:				
- property, plant and equipment	(358,424)	(30,002)	–	(388,426)
- right-of-use assets	(469,714)	(56,862)	–	(526,576)

Group 2024	Reportable segments			Total RM
	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	
Revenue				
Total revenue	40,707,159	462,924,156	1,980,000	505,611,315
Inter-segment revenue	(862,385)	(8,999,629)	(1,980,000)	(11,842,014)
Revenue from external customers	39,844,774	453,924,527	–	493,769,301
Interest income	43,803	63,964	372,164	479,931
Interest expense	(606,001)	(5,036,845)	–	(5,642,846)
Net interest expense	(562,198)	(4,972,881)	372,164	(5,162,915)
Segment (loss)/profit before taxation	(17,211,663)	3,280,923	939,143	(12,991,597)
Segment assets	68,885,281	274,194,627	27,094,200	370,174,108
Segment liabilities	19,584,928	115,737,879	111,546	135,434,353

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

29. OPERATING SEGMENTS (CONTINUED)

Group 2024	Reportable segments			Total RM
	Manufacturing and trading of furniture	Processing and trading of wood	Investment holding	
	RM	RM	RM	
Other information				
(Loss)/Gain on disposal of property, plant and equipment	(3,438)	298,799	–	295,361
Reversal of impairment losses on trade receivables	103,673	–	–	103,673
Property, plant and equipment written off	–	(392)	–	(392)
Unrealised gain on foreign exchange	19,361	–	–	19,361
Depreciation of:				
- property, plant and equipment	(1,397,835)	(1,786,538)	–	(3,184,373)
- right-of-use assets	(774,515)	(2,643,226)	–	(3,417,741)
Additions to non-current assets:				
- property, plant and equipment	5,843,956	847,909	–	6,691,865
- right-of-use assets	527,349	12,013,025	–	12,540,374
Impairment loss on:				
- property, plant and equipment	(4,725,115)	(106,488)	–	(4,831,603)
- right-of-use assets	(1,404,521)	(310,115)	–	(1,714,636)

(a) Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2025 RM	2024 RM
Loss for the financial year		
Total loss for reportable segments	(4,761,590)	(12,991,597)
Taxation	(2,209,159)	(2,235,656)
Loss for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(6,970,749)	(15,227,253)
Assets		
Total assets for reportable segments	370,510,882	370,174,108
Current tax recoverable	2,103,711	2,532,650
Assets of the Group per consolidated statement of financial position	372,614,593	372,706,758
Liabilities		
Total liabilities for reportable segments	142,626,309	135,434,353
Deferred tax liabilities	15,644,431	15,763,199
Current tax liabilities	–	194,604
Liabilities of the Group per consolidated statement of financial position	158,270,740	151,392,156

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

29. OPERATING SEGMENTS (CONTINUED)

(b) Geographical segments

The revenue disclosed in geographical segments is based on the geographical location of its customers. The following table provides an analysis of the Group's revenue by geographical segments:

	Group	
	2025	2024
	RM	RM
Revenue from external customers		
Malaysia	446,798,683	461,132,049
United States of America and European countries	30,534,187	27,919,321
Asia-Pacific countries	9,366,318	4,717,931
	486,699,188	493,769,301

(c) Major customers

Revenue from three (2024: three) customers from sales of products represent approximately RM188,487,939 (2024: RM227,890,611) of the Group revenue with whom the Group transacted ten percent (10%) or more of its revenue during the financial year.

30. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, as deemed appropriate. In order to maintain or adjust the capital structure, the Group may adjust the dividend payout to shareholders, issue new ordinary shares and redeem debts where necessary, from time to time. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2025 and 30 June 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings and lease liabilities owing to financial institutions less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Borrowings	106,180,728	96,888,296	–	–
Lease liabilities owing to financial institutions	9,897,475	12,237,789	–	–
	116,078,203	109,126,085	–	–
Less:				
Cash and bank balances	(55,326,112)	(63,855,041)	(16,389,229)	(22,220,412)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Capital management (continued)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Net debt/(Net cash)	60,752,091	45,271,044	(16,389,229)	(22,220,412)
Equity attributable to owners of the parent	212,772,579	218,656,639	112,600,326	127,854,024
Capital and net debt	273,524,670	263,927,683	96,211,097	105,633,612
Gearing ratio	22%	17%	N/A	N/A

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets				
Amortised cost				
Trade and other receivables, net of prepayments	154,920,286	148,492,820	5,000,000	4,000,000
Cash and bank balances	55,326,112	63,855,041	16,389,229	22,220,412
	210,246,398	212,347,861	21,589,229	26,220,412
Financial liabilities				
Amortised cost				
Trade and other payables	25,028,450	24,372,985	128,517	111,546
Borrowings	106,180,728	96,888,296	–	–
	131,209,178	121,261,281	128,517	111,546

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and floating rate borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy

As at the end of reporting period, the Group and the Company have no financial instruments that are measured subsequent to initial recognition at fair value hence fair value hierarchy is not presented.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, foreign currency risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

At the end of the reporting period, approximately 40% (2024: 51%) of the Group's gross trade receivables were due from three (2024: three) major customers.

The Company does not have any significant concentration of credit risk at the end of the reporting period other than the amounts owing from subsidiaries of RM13,200,000 (2024: RM7,000,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk

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

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies.

The foreign currency in which these transactions are denominated are mainly United States Dollar ('USD') and Chinese Renminbi ('CNY'). The Group manages its transactional currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Group monitors the foreign currency exchange rates closely so as to minimise the potential material adverse effects from these exposures in a timely manner.

The following table demonstrates the sensitivity of the Group's loss after tax and equity to a reasonably possible change in the United States Dollar ('USD') and Chinese Renminbi ('CNY') against the Ringgit Malaysia ('RM'), with all other variables held constant.

		Group	
		2025	2024
		RM	RM
Loss after tax and Equity			
USD/RM	- Strengthen by 10% (2024: 10%)	138,000	165,000
	- Weaken by 10% (2024: 10%)	(138,000)	(165,000)
CNY/RM	- Strengthen by 10% (2024: 10%)	45,000	99,000
	- Weaken by 10% (2024: 10%)	(45,000)	(99,000)

(c) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2025 Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	25,028,450	–	–	25,028,450
Borrowings	99,508,739	5,624,435	3,142,413	108,275,587
Lease liabilities	4,426,151	8,235,824	16,100	12,678,075
Total undiscounted financial liabilities	128,963,340	13,860,259	3,158,513	145,982,112

Company

Financial liabilities

Trade and other payables/Total undiscounted financial liabilities

128,517 – – 128,517

2024 Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	24,372,985	–	–	24,372,985
Borrowings	88,593,801	6,250,668	5,200,393	100,044,862
Lease liabilities	4,481,855	11,265,993	52,700	15,800,548
Total undiscounted financial liabilities	117,448,641	17,516,661	5,253,093	140,218,395

Company

Financial liabilities

Trade and other payables/Total undiscounted financial liabilities

111,546 – – 111,546

(d) 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 would fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its risk.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2025 (CONT'D)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group 2025	Note	Weighted average effective interest rate %	Within one year RM	Two to five years RM	Over five years RM	Total RM
Fixed rates						
Deposits with licensed banks	14	4.20	3,209,063	–	–	3,209,063
Bankers' acceptance	17	4.51	86,301,616	–	–	86,301,616
Floating rates						
Bank overdrafts	17	7.71	4,047,665	–	–	4,047,665
Revolving credit	17	5.49	3,000,000	–	–	3,000,000
Term loans	17	5.42	5,457,563	4,444,658	2,929,226	12,831,447
2024						
Fixed rates						
Deposits with licensed banks	14	5.19	2,288,045	–	–	2,288,045
Bankers' acceptance	17	3.79	80,956,723	–	–	80,956,723
Floating rates						
Bank overdrafts	17	7.62	2,279,804	–	–	2,279,804
Revolving credit	17	5.35	3,000,000	–	–	3,000,000
Term loans	17	5.55	1,784,291	4,887,585	3,979,893	10,651,769

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates on floating rate borrowings at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group	
Loss after tax and Equity	2025 RM	2024 RM
- Increase by 1% (2024: 1%)	(151,000)	(121,000)
- Decrease by 1% (2024: 1%)	151,000	121,000

LIST OF PROPERTIES

Owner Company	Location	Description/ Existing Use	Date of Certificate of Fitness/Year of Acquisition	Approximate Age of Building Years/Tenure	Land/Area Built-up Area sq. ft.	Audited Net Book Value as at 30 June 2025 RM'000
SK	Lot 11061 Mukim of Parit Bakar District of Muar Johor	A double story detached factory/Factory	18 March 2006	20 years/ Freehold	104,431 sq. ft./ 102,600 sq. ft.	15,998
SKFI	Lot 8804 Mukim of Jalan Bakri District of Muar Johor	Single storey detached factory annexed with a three storey office building/ Factory and office building	19 November 2001	25 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 65,700 sq. ft.	10,460
SKFI	Lot 8805 Mukim of Jalan Bakri District of Muar Johor	Single storey detached factory/Factory	23 November 2001	>1 year/ 99 years leasehold expiring on 29 December 2094	96,068 sq. ft./ 58,060 sq. ft.	11,108
SKFI	Lot 11060 Mukim of Parit Bakar District of Muar Johor	Single storey detached factory building/Factory	7 December 2006	14 years/ Freehold	112,246 sq. ft/ 71,476 sq. ft	13,030
ST	Lot 1052 and 11652 Mukim of Serom, District of Tangkak Johor	Vacant land	20 August 2006	Freehold	248,883 sq. ft.	3,590
VPM	Lot 8789 Mukim of Jalan Bakri District of Muar Johor	Single storey detached factory annexed with a double storey office building/ Factory and office building	1 March 1999	27 years/ 99 years leasehold expiring on 29 December 2094	87,446 sq. ft./ 61,075 sq. ft.	9,997

LIST OF PROPERTIES (CONT'D)

Owner Company	Location	Description/ Existing Use	Date of Certificate of Fitness/Year of Acquisition	Approximate Age of Building Years/Tenure	Land/Area Built-up Area sq.ft.	Audited Net Book Value as at 30 June 2025 RM'000
VPM	Lot 8803 Mukim of Jalan Bakri District of Muar Johor	A single storey detached factory/Factory	8 March 2001	25 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 56,474 sq. ft.	9,051
VPM	Lot 4573 Mukim of Telekong District of Kuala Krai Kelantan	A sawmill complex/Factory	5 October 2016	10 years/ Freehold	1,240,001 sq.ft./ 207,718 sq.ft.	19,874
VPM	Lot 5511 to 5517 Bandar Gua Musang, District of Gua Musang Kelantan	A sawmill complex/Factory	22 June 2017	9 years/99 years leasehold expiring on 20 November 2100	733,872 sq.ft./ 184,158 sq.ft.	17,227
VPM	HSD No. 11472, PT No. 15475, Bandar Gua Musang, District of Gua Musang Kelantan	Vacant Industrial land	4 January 2023	66 years leasehold expiring on 3 January 2089	78,609 sq.ft.	495

ANALYSIS OF SHAREHOLDINGS

AS AT 26 SEPTEMBER 2025

Issued and Paid-Up Share Capital : RM106,783,250.45 comprising 1,078,097,542 ordinary shares

Class of Shares : Ordinary shares

Voting Rights : Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held

Number of shareholders : 949

Analysis of Shareholdings

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	81	1,635	0.000
100 – 1000	279	81,015	0.008
1,001 – 10,000	217	1,309,803	0.121
10,001 – 100,000	199	6,613,263	0.613
100,001 – 53,904,877 ¹	171	778,847,464	72.243
53,904,878 ² and above	2	291,244,362	27.015
TOTAL	949	1,078,097,542	100.000

Notes:

¹ Less than 5% of issued shares.

² 5% and above of issued shares.

Substantial Shareholders according to the Register of Substantial Shareholders (Holding 5% or more of the issued share capital)

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Low Peng Sian @ Chua Peng Sian	246,029,800	22.820	10,000,000	0.928

Note:

¹ Substantial interest and deemed interested by virtue of shares held in Genius Success Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

List of Thirty (30) Largest Registered Shareholders

Name	No. of shares held	Percentage (%)
1. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR KENANGA INVESTORS BHD</i>	225,208,762	20.889
2. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN</i>	66,035,600	6.125
3. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KENANGA INVESTORS BERHAD FOR AMANAH RAYA BERHAD (TRUSTEEMONFD)</i>	43,526,570	4.037
4. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MY4520)</i>	40,000,000	3.710

ANALYSIS OF SHAREHOLDINGS

AS AT 26 SEPTEMBER 2025 (CONT'D)

List of Thirty (30) Largest Registered Shareholders (continued)

Name	No. of shares held	Percentage (%)
5. CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND</i>	32,794,488	3.042
6. CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)</i>	28,755,700	2.667
7. MBSB INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MGN-LPS0005M)</i>	26,079,900	2.419
8. AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN</i>	23,010,000	2.134
9. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI (7000184)</i>	19,717,100	1.829
10. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7014147)</i>	19,520,000	1.811
11. TEH YOKE ANN	18,632,400	1.728
12. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN</i>	18,524,500	1.718
13. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG</i>	18,244,200	1.692
14. TAN LEE CHU	17,264,700	1.601
15. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHIN HIN GROUP PROPERTY BERHAD (MY4653)</i>	16,450,000	1.526
16. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7004588)</i>	16,210,000	1.504
17. MBSB INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MGN-NAC0003M)</i>	13,538,000	1.256
18. RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN</i>	13,225,800	1.227
19. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT</i>	12,927,100	1.199
20. CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR NG AH CHAI (PB)</i>	12,578,700	1.167
21. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOO CHAI LAI (7005187)</i>	12,300,000	1.141
22. TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TIEW HUAT SENG</i>	12,269,600	1.138
23. TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOO CHEW FONG</i>	12,260,800	1.137

ANALYSIS OF SHAREHOLDINGS

AS AT 26 SEPTEMBER 2025 (CONT'D)

List of Thirty (30) Largest Registered Shareholders (continued)

Name	No. of shares held	Percentage (%)
24. KEVIN WEE TECK JIN	11,936,200	1.107
25. HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MG0195-166)</i>	11,300,000	1.048
26. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG (7014967)</i>	11,000,000	1.020
27. MBSB INVESTMENT NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR GENIUS SUCCESS CAPITAL SDN BHD (MGN-LPS0005M)</i>	10,000,000	0.928
28. CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN. BHD. <i>CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (PROP A/C)</i>	9,600,000	0.890
29. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH KUN CHUAN (7000351)</i>	9,570,835	0.888
30. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN LEE CHU (CEB)</i>	9,500,400	0.881
TOTAL	791,981,355	73.459

Directors' Shareholdings according to the Register of Directors' Shareholdings

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Onn Kien Hoe	–	–	–	–
Low Peng Sian @ Chua Peng Sian	246,029,800	22.820	10,000,000 ¹	0.928
Loo Eng Hua	69,000	0.006	–	–
Lee Shen Wang	120,000	0.011	–	–
Siah Chew Peng	–	–	–	–
Teh Su-Ching	–	–	–	–
Seow Jing Hui	–	–	–	–
Chua Oou Chuan	–	–	–	–

Note:

- ¹ Substantial interest and deemed interested by virtue of shares held in Genius Success Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

**SERN KOU RESOURCES BERHAD**

[Registration No. 200001016496 (519103-X)]

(Incorporated in Malaysia)

PROXY FORM

Number of Shares Held	
CDS Account No.	

* I/We _____
of _____
being a Member/Members of SERN KOU RESOURCES BERHAD [Registration No. 200001016496 (519103-X)], hereby
appoint _____ NRIC/Passport No. _____
_____ of _____
_____ or failing him/her _____ NRIC/Passport No. _____
_____ of _____
_____ or # THE CHAIRMAN OF THE MEETING as

*my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Level 2, Lot PTB 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim on Friday, 21 November 2025 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:-

Ordinary Resolutions			For	Against
1.	To re-elect Mr Chua Oou Chuan as Director	(Ordinary Resolution 1)		
2.	To re-elect Ms Seow Jing Hui as Director	(Ordinary Resolution 2)		
3.	To re-elect Mr Loo Eng Hua as Director	(Ordinary Resolution 3)		
4.	To approve the payment of Directors' Fees amounting up to RM800,000.00 for the financial year ending 30 June 2026	(Ordinary Resolution 4)		
5.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM2,800,000.00 for financial period from 1 January 2026 until 31 December 2026	(Ordinary Resolution 5)		
6.	To re-appoint Messrs BDO PLT as Auditors of the Company	(Ordinary Resolution 6)		
7.	To approve Proposed Waiver and Authority to Issue Shares	(Ordinary Resolution 7)		

Please indicate with an "X" in the space provided above on how you wish to cast your vote. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable.

The proportions of our shareholding to be represented by my/our proxies (if more than 1 proxy) are as follows:-

First proxy %
Second proxy %
 100%

Dated this _____ day of _____ 2025

Signature / Common Seal of member

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy. Where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (3) Where a Member is an Exempt Authorised 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 Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 13 November 2025.

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Affix
Stamp
here

The Company Secretary

SERN KOU RESOURCES BERHAD

[Registration No. 200001016496 (519103-X)]

Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1,
Kawasan Perindustrian Bukit Bakri, Mukim Bakri,
84200 Muar, Johor Darul Takzim.

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