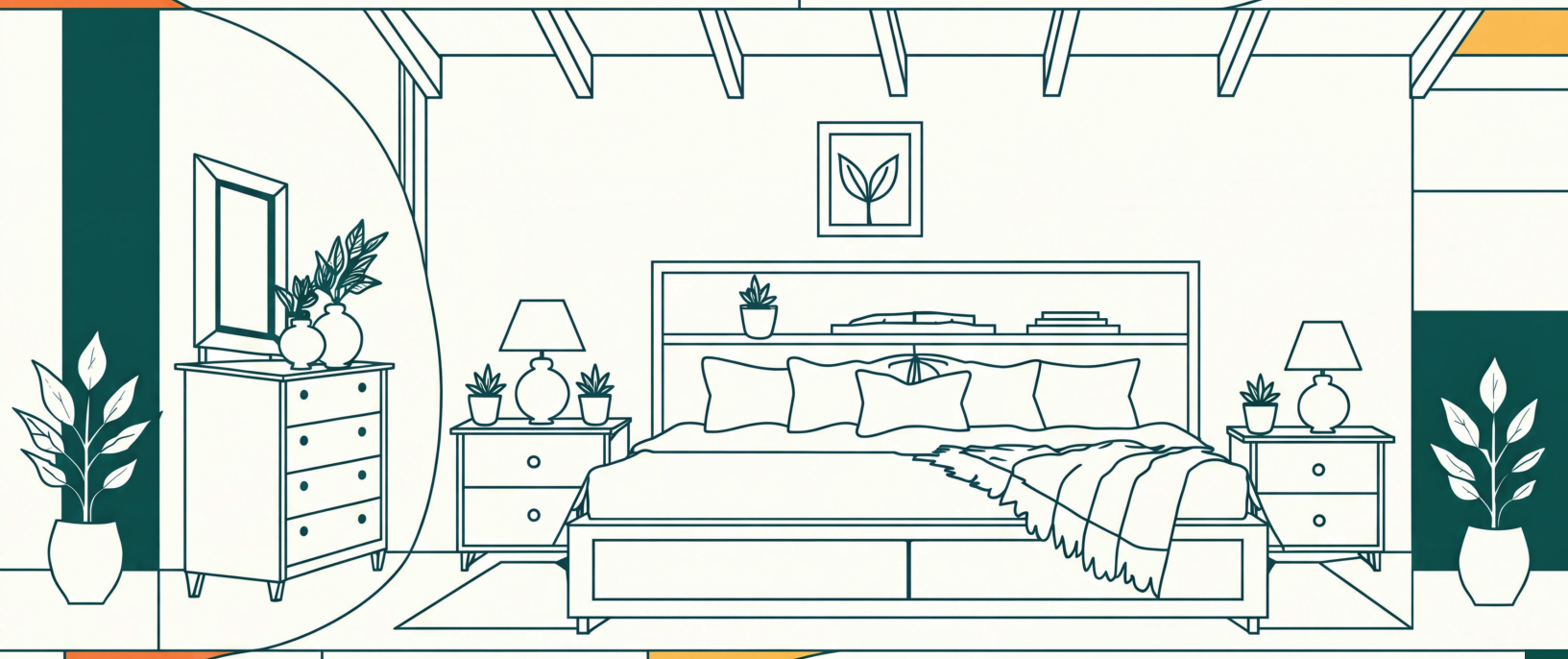
SERN KOU RESOURCES BERHAD

[Registration No. 200001016496 (519103-X)]

Annual Report 2026









26th 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,
20 November 2026

10.30 a.m.



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Proxy Form

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

Corporate Information

Board of Directors

- **Onn Kien Hoe**
  Chairman and 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**
  [Resigned on 31 December 2025]
  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 [Resigned on 24 February 2026]
(SSM PC No. 202008002702 & MAICSA 7060343)

Qwik Tsae Yng [Appointed on 24 February 2026]
(SSM PC No. 202308000539 & MAICSA 7053568)

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

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
Email : 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

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

Directors' Profile

Onn Kien Hoe

Chairman and Independent Non-Executive Director



MR ONN KIEN HOE was appointed as an Independent Non-Executive Chairman of Sern Kou Resources Berhad ("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 PLT. 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 sits as an Independent Non-Executive Director of AEP Plantations PLC, a company listed on the Main Market of the London Stock Exchange.

Low Peng Sian @ Chua Peng Sian

Managing Director



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., 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



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



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

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

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

Directors' Profile (cont'd)

Teh Su-Ching
Independent Non-Executive Director



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"), and a Member of the Institute of Chartered Accountants in England and Wales ("ICAEW").

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 Malaysia PLT as a Director in the Corporate Advisory division.

In 2010, she joined Tonik Asia Group, a healthcare company, as its Chief Financial Officer. Thereafter, she joined Tradewinds Plantation Berhad ("Tradewinds") as 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, Notion Vtec Berhad and Stratus Global Holdings Berhad, all of which are publicly listed companies.

Seow Jing Hui
Independent Non-Executive Director



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.

She 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 OpenMove AI Berhad (formerly known as 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



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 Chief Financial Officer 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").

Anderson is also the Deputy Chairman and Non-Independent Non-Executive Director of OpenMove AI Berhad (formerly known as 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 182 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's Profile

Tang Choon Yen

F 50

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 experience 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 well-being through charitable and wellness activities.

Stella Siow Li Ping

F 47

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 regulations. She is also responsible for overseeing the facilities services and maintenance activities.

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

Notes to Key Senior Management's 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.

Management Discussion and Analysis



Dear Esteemed Shareholders,

On behalf of the Board of Directors (the "Board"), it is my duty to place before you the Annual Report of Sern Kou Resources Berhad ("Sern Kou" or the "Group") for the financial year ended 30 June 2026 ("FY2026").

We started in 1993 as a furniture manufacturer and across more than three decades the Group has transformed into the resources group that Sern Kou is today. A defining moment came in 2004, when the Company secured a listing on the Second Board of the Malaysia Securities Exchange Berhad, the exchange presently known as Bursa Malaysia Securities Berhad ("Bursa Securities"). Twelve months on, that listing was upgraded to the Main Board, which today carries the name Main Market of Bursa Securities.

In recent years, environmental sustainability has assumed an increasingly prominent position within the Group's operations. The Board recognises that the natural resources upon which our business depends are finite, and regards their responsible stewardship as a duty owed not only to our present stakeholders but to succeeding generations.

SERN KOU RESOURCES BERHAD

CORPORATE STRUCTURE

- 100% Sern Kou Furniture Industries Sdn. Bhd.
- 100% S.K. Furniture Sdn. Bhd.
- 100% Valued Products (M) Sdn. Bhd.
  - 51% Sern Kou Plywood Sdn. Bhd.
- 100% Souncern Timber Sdn. Bhd.
  - 51% SK Biotech Sdn. Bhd.
- 100% SK Sustainable Forestry Development Sdn. Bhd.

**Sern Kou Plywood Sdn. Bhd. ceased its plywood manufacturing operations on 29 September 2026. SK Biotech Sdn. Bhd. and SK Sustainable Forestry Development Sdn. Bhd. also wound down their activities during FY 2026. These entities are not major subsidiaries of the Group, and the cessation of their respective operations does not constitute the cessation of a major business or operation of the Group.*

Management Discussion and Analysis (cont'd)

BUSINESS OVERVIEW

FY2026 was one of the most testing years in the Group's recent history. Conditions that were already difficult at the start of the financial year deteriorated as it progressed, and the pressures we faced inevitably impacted our performance in the financial year under review.

Trade policy remained the single largest source of disruption in the global economy. The reciprocal tariff regime introduced by the United States ("US") in 2025 continued to distort trade flows well into the financial year.

Conditions in the Middle East added a second layer of difficulty. Escalating tensions during the year lifted energy prices and unsettled shipping routes, feeding through into ocean freight rates and fuel costs. Export-oriented manufacturers that depend on long-haul shipping and fuel-intensive operations were among the most directly affected.

On the other hand, Malaysia turned in a solid economic performance. Bank Negara Malaysia ("BNM") reported that gross domestic product ("GDP") expanded 5.2% in 2025, ahead of the 5.1% recorded a year earlier and above the central bank's own projection. That momentum carried into the current calendar year (2026), with growth of 5.4% in the first quarter of 2026 and 6.0% in the second, giving 5.7% for the first half. BNM has guided to full-year 2026 growth within a range of 4.0% to 5.0%.

Those headline figures, however, describe an economy in which our particular sector did not share equally. Growth was concentrated in electrical and electronics, data centre investment and services, while export-oriented wood and furniture manufacturers contended with conditions running in the opposite direction. Domestic operating costs rose on the back of expanded Sales and Service Tax ("SST") coverage, the introduction of Employees Provident Fund contributions for foreign workers, and the rationalisation of fuel subsidies. Diesel costs in particular lifted transportation and logging expenses across the wood supply chain.

Of all the developments during the year, currency movements had the most material bearing on the Group's performance. The Ringgit Malaysia was among the region's stronger performing currencies over the period, appreciating by more than 10% against the US Dollar ("USD") in 2025. While this reflects the strength of Malaysia's economic fundamentals, it presents a structural challenge for export-oriented manufacturers like us.



Against this backdrop, Sern Kou reported revenue of RM444.2 million for FY2026. At the bottom-line, the Group posted a loss after tax attributable to owners of the company ("net loss") of RM23.0 million, which includes impairment charges totalling RM6.5 million.

In terms of operations, it was yet another demanding year given the aforementioned factors. The Group continued to manage production levels and costs closely as conditions shifted through the financial year. On the corporate front, the Group completed the disposal of two contiguous parcels of industrial land in Tangkak, Johor, for a cash consideration of RM4.0 million in May 2026. This transaction enabled us to unlock the value of the property as it was not in use by the Group, with the proceeds channelled towards working capital.

FY2026 REVENUE

RM444.2 million

FY2026 LOSS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY ("NET LOSS")

RM23.0 million



Management Discussion and Analysis (cont'd)



KEY BUSINESS SEGMENTS

Manufacturing and Trading of Furniture

Wooden furniture forms the core of this division, with rubberwood dining sets standing as our signature product line. Beyond dining, the division produces living room and bedroom furniture together with casual items such as desks and chairs. Manufacturing is carried out in Johor, Malaysia, on a site covering 8.63 acres. Sales are transacted under both Original Design Manufacturer ("ODM") and Original Equipment Manufacturer ("OEM") arrangements. ODM remains the larger contributor of the two, a reflection of the strength of our in-house design function and the depth of the markets we serve.

Processing and Trading of Wood

This division remained the Group's primary revenue contributor in the financial year under review. Its activities extend across the sawmilling of logs, the trading of logs in both processed and unprocessed form, and manufacturing of plywood. Sustainability considerations are built into the production process, with recycled wood material incorporated wherever practicable to limit waste. Output from the division is supplied largely into construction and other downstream industries. Following the cessation of the plywood manufacturing operations announced on 29 September 2026, the activities of this division will centre on the sawmilling of logs and the trading of logs with effect from FY2027.

FINANCIAL PERFORMANCE REVIEW

Five-Year Group Financial Summary

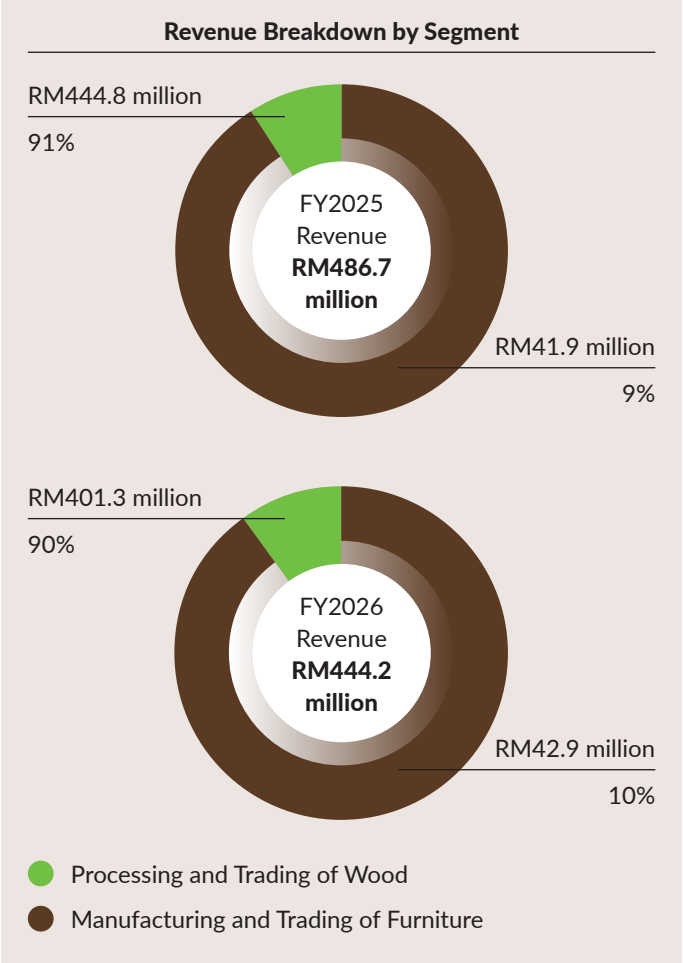
FYE June (RM'000)	FY2022	FY2023	FY2024	FY2025	FY2026
Financial Results					
Revenue	338,267	380,632	493,769	486,699	**444,230**
Profit/(Loss) Before Taxation	15,964	3,781	(12,992)	(4,762)	**(21,681)**
Profit/(Loss) After Taxation	9,826	1,253	(15,227)	(6,971)	**(24,285)**
Profit/(Loss) Attributable to Owners of the Company	9,213	1,303	(13,943)	(5,884)	**(22,965)**
Financed by					
Shareholder's Funds	202,915	232,860	218,657	212,773	**190,749**
Net Assets	204,947	236,802	221,314	214,344	**191,000**
Statistics					
Earnings/(Loss) per Share (sen)	1.12	0.14	(1.29)	(0.55)	**(2.13)**
Gross Dividend per Share (sen)	-	-	-	-	**-**
Net Assets Per Share (RM)	0.24	0.22	0.21	0.20	**0.18**

Management Discussion and Analysis (cont'd)

Revenue

The Group's revenue for FY2026 amounted to RM444.2 million, compared to RM486.7 million recorded a year earlier. This was predominantly owing to lower sales from the processing and trading of wood division, where orders for tropical wood softened over the course of the year. Higher domestic fuel prices, diesel above all, raised transportation and logging costs across the supply chain and weighed on demand.

In terms of revenue breakdown by segment, the processing and trading of wood division contributed RM401.3 million, or 90.3% of the Group total, against RM444.8 million in FY2025. The manufacturing and trading of furniture division accounted for the balance of RM42.9 million, or 9.7%, representing a 2.4% improvement on the RM41.9 million achieved last year.



Gross Profit ("GP")

GP for FY2026 came in at RM4.4 million vis-à-vis RM17.9 million in the prior year. This was chiefly due to margin compression arising from the strengthening of the Ringgit Malaysia against the USD, lower product margins adopted to sustain sales, and continued pressure from operating costs, including higher labour costs arising from wage adjustments and the Employees' Provident Fund ("EPF") contribution requirement for foreign workers, subcontracting and utility costs. Given the prevailing market conditions, the ability to pass these cost increases on to customers through price adjustments was constrained.

Bottom-Line Performance

In the financial year under review, the Group registered a net loss of RM23.0 million, compared with RM5.9 million in the preceding year, reflecting the lower GP and continued operating and financing cost pressures. The results were further impacted by higher impairment charges of approximately RM6.5 million, compared with RM1 million a year earlier, mainly arising from continued operating losses in the furniture segment and long-outstanding trade receivables in the wood segment. These resulted in impairment charges of approximately RM2.0 million and RM4.5 million.

Capital Structure and Capital Resources

Sern Kou's total assets stood at RM359.9 million as at 30 June 2026 versus RM372.6 million a year earlier. Within this, trade receivables rose to RM199.9 million from RM153.0 million while inventories were drawn down to RM15.6 million from RM21.4 million. Total cash and bank balances amounted to RM11.7 million, as compared to RM52.1 million end-June 2025, reflecting the working capital absorbed by the higher receivables position.

Meanwhile, total liabilities were at RM168.9 million at the close of the financial year under review versus RM158.3 million, largely due to greater utilisation of short-term facilities. Total borrowings as of 30 June 2026 were at RM118.1 million, compared to RM106.2 million as of end-FY2025. On the other hand, total equity as of end-June 2026 was at RM191 million vis-à-vis RM214 million in the preceding year, reflecting the loss recorded for the year.

Management Discussion and Analysis (cont'd)

Gearing and Current Ratio

As at 30 June 2026, the Group's gearing stood at 0.6 times compared with 0.5 times a year earlier, while the current ratio was 1.7 times against 1.9 times at the close of FY2025.

Balance Sheet Highlights as at 30 June 2026

Total Assets **RM360 million**	Total Equity **RM191 million**	Total Liabilities **RM169 million**
Net Assets Per Share **RM0.18**	Gearing **0.6 times**	Current Ratio **1.7 times**

ANTICIPATED OR KNOWN RISKS

Set out below are the key risk factors bearing on the Group's business. These may have a material effect on our operations, financial performance or future prospects. The list is not exhaustive, and further risks not presently known to us, or currently regarded as immaterial, may also come to have a significant impact on the Group.

Customer Retention Risks in a Highly Competitive Market

Competition within the global furniture trade is intense, and the industry remains fragmented across a large number of participants supplying comparable product categories. Pricing pressure is a natural consequence, and it can constrain the Group's capacity to win new business at margins we consider acceptable. The potential loss of one or more key customers could have an immediate adverse effect on the Group's operational and financial performance.

Product design innovation and service quality are the attributes upon which the Group differentiates itself, and they form the basis of our mitigation. Close collaboration with customers, together with a responsive approach to their evolving requirements, underpins customer loyalty and supports the long-term business relationships we seek to build.

Competition for Production and Skilled Workers

The success of our operations and implementation of our business strategy depends, in part, on our ability to attract and retain both production and skilled/talented workers. The increasing competition for production workers and skilled/talented employees could result in shortage of labour, higher compensation costs, difficulties in maintaining a capable workforce and management/leadership succession planning challenges.

Disruption in the Supply of Raw Materials

Logs and wood constitute the primary inputs for both furniture manufacturing and the processing and trading of timber, and their timely supply is fundamental to the Group's operations. Delays or shortfalls in availability compromise our capacity to meet customer requirements, with consequences for financial performance. Buffers of raw material are held under the Group's production and risk management framework as a safeguard against temporary shortages or interruptions to delivery. Supplier relationships are actively maintained alongside this, enabling early identification of potential disruption and its careful management as circumstances develop.

Environmental Regulations

Compliance with environmental laws and standards is a prerequisite of operating within our industry. Meeting these obligations carries cost, a reality the Group accepts. Our licence to operate depends upon it, and compliance accordingly remains a matter on which no compromise is entertained.

Operational Disruptions

Sustained business performance rests upon the manufacturing and processing facilities operating as intended. Unplanned interruptions or shutdowns carry direct consequences for both operations and financial results.

Insurance coverage against fire, together with personal accident coverage for employees, forms part of the Group's mitigation under our risk management framework. Beyond this, certain

Management Discussion and Analysis (cont'd)

exposures lie outside our control altogether. Natural disasters, pandemics, social unrest and general strikes each hold the potential to disrupt operations materially and to test business continuity.

Foreign Currency Exchange Rates

Transactions are undertaken by Sern Kou in several foreign currencies, the USD among them, and volatility in these currencies gives rise to financial exposure capable of affecting profitability. The Group's response is a disciplined one: foreign currency receipts are matched against corresponding payments wherever practicable, exchange rate trends are kept under continuous review, and hedging arrangements are entered into where circumstances warrant. Taken together, these measures are directed at limiting the adverse effects of currency movements and supporting the Group's financial resilience.

PROSPECTS

The year ahead remains shadowed by much the same uncertainties that defined the one just concluded. The International Monetary Fund ("IMF") projects global growth of around 3.0% in 2026 and 3.4% in 2027, though the trajectory will depend heavily on how long the Middle East conflict persists and how far it spreads, where energy prices settle, and how trade policy develops from here. Reciprocal tariffs, export controls and the reworking of supply chains have together dampened sentiment and made forward planning considerably harder for businesses across the world. Currency movements likewise remain a key variable for exporters.

Malaysia, on the other hand, is expected to hold a steadier course. BNM has projected growth of between 4% and 5% for 2026, supported by resilient domestic demand and sustained investment activity. Confidence in the country held firm through the year, with approved investments reaching a record RM426.7 billion in 2025, an increase of 11% year-on-year ("YoY"), of which foreign direct investment climbed 20.9% to RM207.1 billion.

While this reflects well on Malaysia's standing as an investment destination, the benefits are unevenly distributed. Much of the capital is directed towards the electrical and electronics ("E&E") industry and related high-technology sectors, where the current investment cycle is concentrated. Traditional export-oriented manufacturing, our own industry included, participates in this momentum only indirectly, and continues to contend with the demand and cost environment described earlier.

The Group is cognisant of these variables, which sit largely outside our influence. Hence, at Sern Kou, our approach for the year ahead (FY2027) will remain a measured one, directed towards optimising the business. Additionally, the Group is continuously closely reviewing how capital and resources are deployed across our operations.

The cessation of our plywood manufacturing operations is a concrete step in this direction. Subsequent to the financial year end, on 29 September 2026, the Board announced the decision of Sern Kou Plywood Sdn. Bhd. ("SKPW"), a 51%-owned subsidiary held through our wholly-owned subsidiary Valued Products (M) Sdn. Bhd., to cease its plywood manufacturing operations. SKPW has recorded continuous losses since FY2024 and there is no reasonable expectation that its financial performance will improve in the foreseeable future.

All in all, the Board is mindful of the scale of the challenges before the Group, but remains confident in our capacity to navigate them.

APPRECIATION

Our thanks go first to the people of Sern Kou. FY2026 asked a great deal of them, and they responded with resolve and with a willingness to adapt that has not gone unnoticed.

To our customers, business partners, associates, suppliers, bankers and the relevant regulatory authorities, we record our sincere appreciation for the support extended to the Group. To our shareholders, thank you for your patience through a demanding period and for the confidence you continue to place in us as we work to restore the business to health.

During the financial year, Ms Siah Chew Peng stepped down from the Board as Executive Director. We thank her for the contribution made during her tenure and wish her well in what lies ahead.

We would also like to record our appreciation to Ms Teh Su-Ching, who will retire from her role as Independent Non-Executive Director by rotation pursuant to Clause 97 of the Company's Constitution and has expressed her intention not to seek re-election at the forthcoming 26th Annual General Meeting ("AGM"). Ms Teh will therefore cease to hold office upon the conclusion of the 26th AGM. We thank her for her valuable contribution and service to the Board and wish her every success in her future endeavours.

Finally, we would like to express our appreciation to our fellow Board members for their professionalism and for the counsel they have brought to bear throughout a difficult year. With the stewardship of the Board and the commitment of our team, we are confident that Sern Kou will work through the challenges before it and emerge the stronger for having done so.

Sustainability Statement including Bursa CSI Prescribed Table



ABOUT THIS REPORT

This Sustainability Statement ("SS2026") 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 2025 to 30 June 2026 ("FY2026"). It highlights the Group's initiatives and progress within the Economic, Environmental, Social, and Governance ("EESG") pillars, reflecting the Group's ongoing commitment to sustainable value creation.

Basis of Scope, Boundary and Exclusion

SS2026 has been prepared to provide stakeholders with insight into SKRB'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 Statement covers the FY2026 and, where available, includes comparative historical data over a rolling three-year period to illustrate performance trends.

The scope of SS2026 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")

Note: SK Sustainable Forestry Development Sdn. Bhd. and SK Biotech Sdn. Bhd. are excluded due to inactive operations during the reporting period.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Reporting Frameworks and Standards

The preparation of this SS2026 is aligned with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In developing this Statement, 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:

01.
Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
In Accordance

02.
Task Force on Climate-related Financial Disclosures ("TCFD")
In Alignment

03.
Global Reporting Initiative ("GRI") 2021 (Core Option)
With Reference

04.
International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards – IFRS S1 and IFRS S2
With Reference

05.
United Nations Sustainable Development Goals ("UNSDGs")
In Alignment

06.
FTSE4Good Bursa Malaysia ("F4GBM") Index
With Reference

07.
Sustainability Accounting Standards Board ("SASB")
With Reference

Assurance and Feedback

The Board and Management affirm that SS2026 presents a fair and accurate representation of the Group's performance across the EESG pillars. The information disclosed has been validated internally by the respective business units and reviewed by the Risk Management and Sustainability Committee ("RMSC") to support the accuracy and completeness of the disclosures.

Financial information cited in this SS2026 that can be cross-referenced against the FY2026 Financial Statements has been independently audited by the Company's external auditors, BDO PLT.

Furthermore, selected sections of SS2026 have been subject to independent limited assurance by Vaersa Advisory Sdn. Bhd. in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised). The assurance scope and indicators covered are detailed in the Independent Assurance Statement included in this Annual Report.

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

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Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

RMSC CHAIR'S MESSAGE ON SUSTAINABILITY

Dear Stakeholders,

FY2026 marked another year of progress in SKRB's sustainability efforts as we strengthened the integration of EESG considerations into our business strategy and daily operations. During the year, the Group continued to advance its sustainability practices, with a focus on responsible business conduct, operational performance and engagement with our stakeholders.

SKRB remained focused on managing our resources responsibly while supporting business growth and operational efficiency. Guided by the RMSC, we continued to strengthen our sustainability governance, improve the quality of our sustainability data, and monitor performance against our sustainability priorities. These efforts support our commitment to incorporating sustainability considerations into our decision-making and operations.

FY2026 Sustainability Highlights

573
Total Workforce
with 100% Permanent Staff

Achieved a
3.75 out of 4
Customer Satisfaction Score

RM16,650.70
Total Community Contribution
Directed to Education, Orang Asli Communities and Other Local Community Initiatives

Zero
Incidents of
Product Recall

99.69%
of Procurement Spend
for FY2026 Directed to Local Suppliers

Zero
Fatalities among Employees and Contractors

41.64%
Reduction in Raw Materials consumed from 43,611 tonnes in FY2025 to 25,450 tonnes in FY2026

Zero
incidents of **Environmental, Social and Governance ("ESG") Non-Compliance**

881
Total Training Hours
as a Company with **20** Average Training Hours Per Employee

9,476.25
tonnes of Waste recycled,
98.40% of Total Waste Generated

15%
of Electricity Sourced from Renewable Energy in FY2026,
Decreased from 19.87% in FY2025



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

At the same time, we remain focused on reducing our carbon emissions and strengthening our understanding of our emissions profile. Our Scope 1 emissions decreased by 13.64% in absolute terms compared to FY2025, while Scope 2 emissions increased by 13.46%. During the year, we also expanded our Scope 3 emissions tracking to include waste generated in operations, in addition to employee commuting and business travel, allowing us to better understand our value chain emissions and identify areas for further improvement. The Group also made progress in strengthening operational efficiency, with an operating efficiency rate of 99% of total revenue achieved during the year.

In community development, SKRB continued its contributions to local communities and initiatives related to biodiversity and education. Our support to organisations such as the Muar Furniture Association ("MFA") contributed to the development and advancement of the local furniture industry, while our education and community initiatives, including our engagement with S.J.K. (C) Chung Hwa 1A and community programmes with Huluran Ikhlas and Jalinan Kasih Bersama Masyarakat Orang Asli, supported education, local communities and community well-being. We also remained committed to the health and safety of our employees and contractors, and are proud of the progress made in workplace safety. Lost Time Injury incidents decreased to three in FY2026 from nine in FY2025, while zero fatalities were recorded among employees and contractors.

Strong governance and ethical business practices remain fundamental to our sustainability approach. The Group recorded zero incidents of ESG non-compliance during the year and continued to reinforce its anti-corruption practices. In FY2026, 100% of employees and 78.5% of vendors acknowledged compliance with the Anti-Bribery and Anti-Corruption ("ABAC") Policy, compared to 65% of vendors in FY2025.

Looking ahead, SKRB will continue to build on these efforts by strengthening our sustainability practices, improving the quality and coverage of our sustainability data, and integrating EESG considerations further into our business operations. We remain committed to making steady progress in our sustainability journey and creating lasting value for our stakeholders.

SUSTAINABILITY AT SERN KOU

Sustainability remains an integral part of Sern Kou's approach to responsible business, guiding the Group's strategic priorities and day-to-day operations. In FY2026, the Group continued to focus on managing key environmental and social impacts while creating sustainable long-term value for its stakeholders. This includes monitoring and improving the use of energy, water and raw materials, managing greenhouse gas ("GHG") emissions, and strengthening practices that support responsible resource use and environmental stewardship. The Group also places importance on maintaining sound human rights and labour practices across its operations, promoting a fair, safe and respectful workplace.

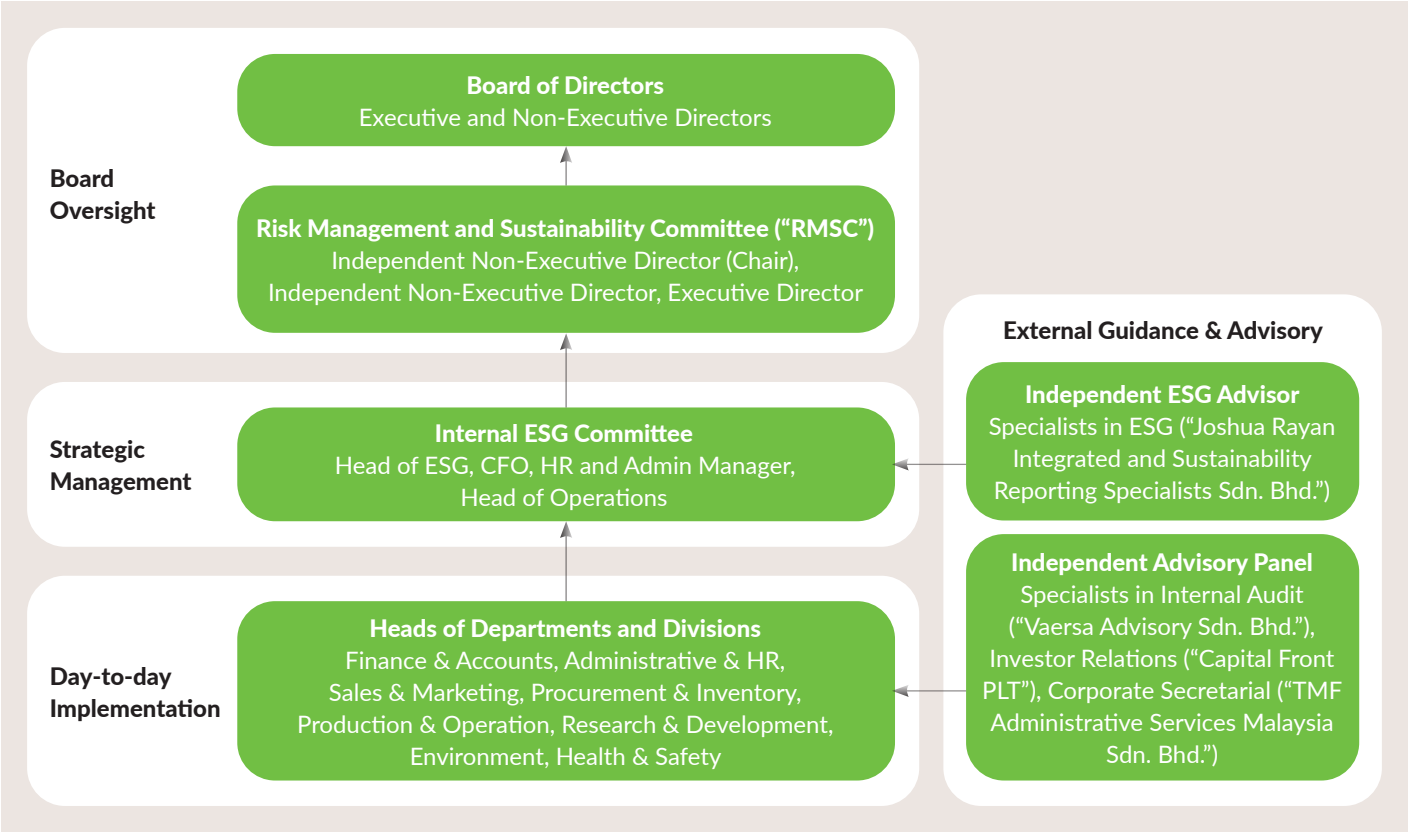
Sern Kou's approach to sustainable growth is underpinned by effective risk management and governance. The Group considers business, operational, financial and climate-related risks in its decision-making, supported by internal controls and established governance processes. Responsible supply chain practices and ongoing sustainability initiatives further support the Group's operational resilience and ability to respond to evolving stakeholder expectations, while contributing positively to the communities and environment in which it operates.



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Sustainability Governance Structure

SKRB's sustainability governance structure supports the integration of EESG considerations into decision-making across the organisation and throughout its value chain. The structure, including the respective reporting lines, roles, responsibilities and composition, is set out below.



Roles	Responsibilities
Board of Directors ("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 Group'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	• Manages 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.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Robust Sustainability Governance Policies

SKRB's sustainability agenda is supported by a suite of frameworks, policies, charters, codes and terms of reference that guide responsible and ethical business conduct across the Group. These instruments are reviewed annually to assess their continued relevance and effectiveness, with new or revised policies introduced where necessary to strengthen the Group's governance practices.

Anti-Bribery & Anti-Corruption Policy	Board Charter	Diversity Policy for the Board of Directors and Senior Management	Conflict of Interest Policy
Corporate Disclosure Policy	Directors' Code of Conduct	Directors' Fit and Proper Policy	External Auditors' Selection Policy
Procedure for the Appointment of Directors and Senior Management Staff	Related Party Transaction Policy	Remuneration Policy	Succession Planning Policy
Term of Reference of Audit Committee	Term of Reference of Nomination and Remuneration Committee	Term of Reference of Risk Management and Sustainability Committee	Whistleblowing Policy

During FY2026, the Group enhanced its ABAC Policy to further strengthen its governance framework and reinforce the Group's commitment to ethical business conduct. The enhanced ABAC Policy, along with other relevant 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 recognise that ESG and climate-related risks and opportunities can influence SKRB's financial performance, reputation, licence to operate and access to financing. These considerations are incorporated into the Group's strategic and operational decision-making, particularly where they may affect long-term business resilience and stakeholder expectations.

The Board and Management participate in ESG-related briefings and training programmes to remain informed of emerging sustainability developments and their potential implications for the Group. ESG and climate-related considerations are also considered in discussions on strategic priorities, operational matters and resource allocation.

In FY2026, SKRB maintained its adoption of ESG Key Performance Indicators ("KPIs") and targets to monitor, manage and track its sustainability and climate-related performance, in alignment with Practices 4.1 to 4.5 of the Malaysian Code on Corporate Governance ("MCCG") 2021. The RMSC oversees sustainability- and climate-related matters and reviews progress against these targets.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

STAKEHOLDER & MATERIALITY

SKRB recognises that stakeholder perspectives and environmental considerations are closely connected to long-term business performance. The Group maintains regular communication with its stakeholders to understand their perspectives, expectations and areas of concern. These insights inform the Group's consideration of material EESG matters and support decision-making that balances stakeholder interests with SKRB's long-term objectives.

Stakeholder Engagement

SKRB's stakeholders comprise individuals and entities whose decisions and activities may influence, or be influenced by, the Group's operations. The Group adopts a structured approach to stakeholder engagement, using various communication channels to understand stakeholder needs and expectations and to inform its EESG priorities. The stakeholder engagement approach and key stakeholder groups are presented below and remain consistent with the framework adopted in the previous year.

Stakeholder (Priority: Management Approach)	**Engagement Channels**	**Engagement Frequency**	**Areas of Concern & Material Topics**	**Relevant Key Performance Indicators**
Customers *Critical:* ***Manage Closely***	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 *Critical:* ***Manage Closely***	Annual/ Extraordinary General Meetings	Yearly/ Ad hoc	• Economic Profitability • Market Access and Access to Financing • Financial and ESG Risks Management • Anti-Bribery and Anti-Corruption • Regulatory Compliance	• Share price performance • Return on equity • Shareholder voting outcome
	Company website	Ongoing		
	Quarterly Result/ Announcement	Quarterly/ Ongoing		
	Annual report	Yearly		
Employees *Very High:* ***Keep Satisfied***	Appraisals	Yearly	• Employee Well-being • Occupational Safety and Health • Talent Management	• Employee hiring and turnover • Employee engagement and satisfaction levels • OSH performance
	Staff orientation	Ongoing		
	Open communication	Ongoing		
	Meetings	Ongoing		
Government and Regulatory Bodies *High:* ***Keep Informed***	Correspondence	Ongoing	• Financial and ESG Risks Management • Regulatory Compliance • Market Access and Access to Financing • Employee Well-being • Community Development	• Incidence of regulatory non-compliance • Fines, penalties or warnings received
	Audit/inspection	Ongoing		
	Training programmes and dialogues	Ongoing		
	Annual report	Yearly		

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Stakeholder (Priority: Management Approach)	**Engagement Channels**	**Engagement Frequency**	**Areas of Concern & Material Topics**	**Relevant Key Performance Indicators**
Vendors/Suppliers *High:* ***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
	Correspondence	Ongoing		
	Supplier evaluation & appraisal	Ongoing		
	Meetings and trade fairs	Ongoing		
Media *Medium:* ***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 *Medium:* ***Monitor***	Corporate website	Ongoing	• Community Development • Resource Stewardship • Energy Consumption • Water Consumption • Waste Management and Recycling • Occupational Safety and Health	• Quantum of community contributions and number of beneficiaries • Environmental performance indicators
	Social media	Ongoing		
	Community development programmes	Ad hoc		
NGOs and Opinion Leaders *Medium:* ***Monitor***	Corporate website	Ongoing	• Climate Change • Anti-Bribery and Anti-Corruption • Regulatory Compliance • Product Safety and Quality	• Environmental performance indicators
	Annual report	Yearly		
	Social media	Ongoing		
	Correspondence & dialogue	Ad hoc		

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

TRADE MEMBERSHIP AND ENGAGEMENTS

Engagement with relevant professional organisations and industry associations enables SKRB to stay informed of evolving market trends and participate in broader sustainability discussions. These platforms provide opportunities to exchange knowledge, share industry practices, foster innovation and contribute to climate-related initiatives alongside industry peers.

SKRB also considers the alignment between its climate-related positions and those of the trade associations it participates in. Where material differences arise, the Group will assess the nature and significance of the misalignment and determine appropriate follow-up actions.

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, while VPM joined the association in December 2017 and has maintained its membership since. 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 Exporters' 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

Material matters are the sustainability topics that have the greatest bearing on SKRB's ability to create value and on the environment and people affected by its operations. In FY2026, the Group reviewed its material sustainability matters to ensure that its priorities continue to reflect evolving stakeholder expectations, business developments and relevant EESG considerations. The Group undertakes a full-scale materiality assessment every three to five years, supplemented by limited-scale desktop reviews in the intervening years.



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

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 21 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:

Deliver **ECONOMIC** Value	Minimise **ENVIRONMENTAL** Impact	Foster **SOCIAL** Inclusivity	Uphold **GOVERNANCE** Standards
• Economic Profitability • Operational Cost Efficiency and Productivity • Technology and Innovation • Product Safety and Quality • Product/Brand Appeal • Access to Financing • Market Access	• Resource Stewardship • Climate Change (Emissions) • Energy Consumption • Water Consumption • Waste Management and Recycling • Environmental Compliance • Biodiversity	• Occupational Health and Safety • Talent Management • Community Development	• Ethical Business Conduct • Anti-Corruption • Financial and ESG Risk Management • Regulatory Compliance

Step 3: Materiality Assessment Survey

An online materiality assessment survey was held in March 2022, where opinions from the Board of Directors, Management staff and the employees of SKRB were gathered to rank and rate the identified topic's impact to its business 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.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

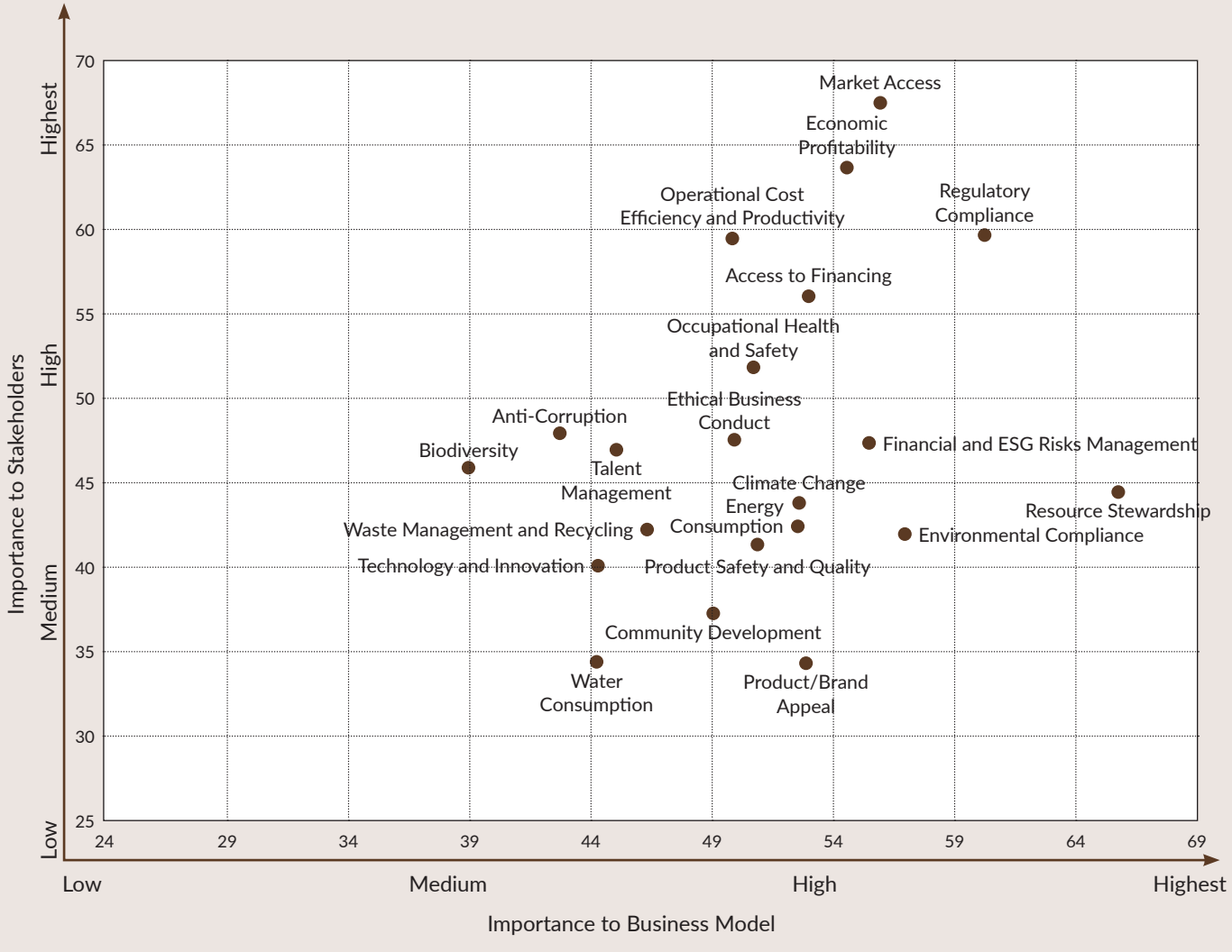
Step 5: Validation and Endorsement of Materiality Matrix

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.

The materiality matrix was further updated during the limited desktop review of FY2023 to consolidate the "COVID-19" topic under "Occupational Health and Safety."

For FY2026, following a limited desktop review and with guidance from the external ESG consultant, the Board and Senior Management confirmed the continued relevance of the materiality matrix established in the Sustainability Statement 2023 ("SS2023"), with no changes to the Group's material matters. The materiality matrix was subsequently reviewed and approved by the RMSC on 15 October 2026 and remains applicable for SS2026, as presented below.

Materiality Matrix



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

ESG FRAMEWORK

SKRB's ESG Framework provides a structured basis for integrating economic, environmental, social and governance considerations into the Group's business and decision-making processes. Informed by recognised sustainability standards and practices, the Framework places governance as a foundation for managing EESG priorities and addressing related risks and opportunities. This approach supports the integration of sustainability considerations into the Group's operations and strategic priorities, while strengthening its ability to create long-term value for stakeholders.

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	Minimise **ENVIRONMENTAL** Impact	Foster **SOCIAL** Inclusivity	Uphold **GOVERNANCE** Standards
• Economic Profitability • Operational Cost Efficiency and Productivity • Technology and Innovation • Product Safety and Quality • Product/Brand Appeal • Access to Financing • Market Access	• Resource Stewardship • Climate Change (Emissions) • Energy Consumption • Water Consumption • Waste Management and Recycling • Environmental Compliance • Biodiversity	• Occupational Health and Safety • Talent Management • Community Development	• Ethical Business Conduct • Anti-Corruption • Financial and ESG Risk Management • Regulatory Compliance

In Alignment with ESG Standards & Frameworks

GRI | BURSA MALAYSIA | TCFD | SUSTAINABLE DEVELOPMENT GOALS | FTSE Russell | IFRS Sustainability

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 including Bursa CSI Prescribed Table (cont'd)

Sustainability Scorecard

SKRB's ESG Key Performance Indicators ("KPIs") and targets provide a basis for monitoring and managing the Group's identified material sustainability matters. Established and approved by the Board in FY2024, these KPIs and targets help the Group track sustainability performance, measure progress, and strengthen accountability across its EESG priorities.

Material Topic	KPI	Target	FY2026 Progress/Performance
Product Safety and Quality	Product recall rate	Zero incidents per annum.	Achieved.
	Product Defect Rate	Less than 10 defect incidents per annum	Achieved with 1 defect incident.
ISO 9001:2015 Certification	Annual Compliance	Maintain compliance annually	Achieved and verified via the audit conducted in May 2026.
Product/Brand Appeal	Customer Satisfaction Levels	4 out of 4 per annum	Partial achievement. 3.75 out of 4 customer satisfaction score.
	Customer Complaint Response Rate	100% of customer complaints received and responded to within two working days per annum	Not achieved, with one customer complaint being received and resolved within three working days.
Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO_2e/RM'mil)	2% reduction in FY2026 against FY2025's baseline	Achieved. SKRB recorded 457.54 tCO_2e of Scope 1 emissions from consuming 169,478 litres of diesel, a 13.64% decrease in absolute emissions compared to FY2025. This was accompanied by a 6.25% decrease in Scope 1 emissions intensity over sales as compared to the FY2025 baseline.
	Scope 2 Emissions Intensity over Sales (tCO_2e/RM'mil)	2% reduction in FY2026 against FY2025's baseline	Not achieved. SKRB recorded a total of 2,802.62 tCO_2e of Scope 2 emissions from the consumption of 5,086,428 kWh of grid electricity, representing a 13.46% increase in absolute emissions compared to FY2025. This was accompanied by a 22.94% increase in Scope 2 emissions intensity over sales compared to the FY2025 baseline.
	Total Scope 1 & 2 Carbon Emissions Intensity over Sales (tCO_2e/RM'mil)	5% reduction in FY2026 against FY2025's baseline	Not achieved. SKRB recorded 3,260.16 tCO_2e in combined Scope 1 & 2 emissions, representing an 8.67% increase in absolute emissions from FY2025 (3,000.03 tCO_2e). This was accompanied by a 17.64% increase in Scope 1 & 2 emissions intensity over sales compared to the FY2025 baseline.
Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	2 out of 7 business units adopt solar power by FY2026	Achieved. 2 out of 7 Business Units have commenced using solar generated energy.
	Progressive Adoption of Renewable Energy ("RE")	24% RE Adoption for electricity in Group Operations by FY2026; 40% RE by FY2030	Partially achieved with 15% of electricity consumed from renewable sources. On track towards long-term target of 40% RE adoption by FY2030.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Material Topic	KPI	Target	FY2026 Progress/Performance
Water Consumption	Water Consumption Intensity over Total Operational Area (m^3/ sq ft)	-[4]	Water consumption intensity reduced by 15.25% against FY2025 with a total of 23,527 m^3 water consumed over 466,992 sq ft of total operational area.
	Effluent discharge and water pollution non-compliance	Zero incidents per annum	Achieved.
		Zero fines per annum	Achieved.
Waste Management and Recycling	Recycled/Repurposed Waste	100% waste diverted from disposal per annum	Not achieved, with 9,476.25 tonnes (98.40%) 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 five LTI incidents in FY2026	Achieved with a total of three LTI incidents recorded.
Talent Management	Employee Training Hours	At least 25 training hours per employee on average annually	Not achieved, with a total of 20 training hours per employee on average.
	Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	Achieved with women representing 30% of managerial staff and 71.43% of executive staff.
Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM12,000 in FY2026	Achieved with a total contribution of RM16,650.70.
	Employee Volunteerism	72 volunteering hours in FY2026	Achieved, with total employee time spent on community impact programmes recorded as 72 hours.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Material Topic	KPI	Target	FY2026 Progress/Performance
Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	Achieved.
	Employee Acknowledgement of ABAC Policy	Maintain 100% annually	Achieved.
	Vendor Acknowledgement of ABAC Policy	70% by FY2026	Achieved with 150 out of 191 (78.5%) 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 February 2026.
Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	Achieved.

Notes:

1. *The "100% implementation of SAP" KPI is omitted for FY2026, as the target was fully achieved in FY2025.*
2. *Intensity is calculated based on the following sales figures: FY2026: RM444.23 mil; FY2025: RM486.70 mil; FY2024: RM493.77 mil; and operational area of 466,992 sq ft for FY2024 to 2026. The operational area excludes premises leased to third parties over which the Group does not have operational control.*
3. *Certain FY2024–FY2025 intensity data have been restated following updates to the sales figures, operational area and calculation methodology.*
4. *The Group is reassessing the Water Consumption Intensity over Total Operational Area target due to the revised calculation methodology.*



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

UPHOLD GOVERNANCE STANDARDS

Strong governance underpins SKRB's ability to create sustainable long-term value for its shareholders and stakeholders. The Group is committed to maintaining high standards of integrity, transparency, and accountability across all areas of its operations. SKRB also prioritises ESG governance by incorporating sustainability considerations into its decision-making processes and addressing climate-related and socio-economic risks. Ongoing enhancements in corporate governance, data privacy, market access integrity, and fair marketplace practices further strengthen the Group's commitment to responsible business conduct.

Material Topics:

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

UNSDGs 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 Code of Conduct ("COC") establishes the Group's commitment to ethical business conduct by outlining clear expectations for integrity, professionalism, and accountability across its operations. It applies to the Board, Management, employees, suppliers, and business partners, ensuring that consistent behavioural standards are maintained among both internal and external stakeholders.

The COC is complemented by governance policies, including the Directors' Fit and Proper Policy and the Related Party Transaction Policy, which help manage potential conflicts of interest, promote transparency in decision-making, and establish procedures for reporting misconduct.

The Group fosters a culture of openness by encouraging employees to report concerns regarding potential breaches of the COC. All reports are investigated promptly, confidentially, impartially, and without fear of retaliation. The Board oversees compliance and ensures that investigations are conducted professionally and transparently. Officers are required to cooperate fully with investigations and implement any resulting corrective actions. Where external investigations are required, officers must cooperate fully and refrain from interfering with any lawful inquiry.

In FY2026, zero substantiated claims or instances of non-compliance with the COC were recorded. The COC is reviewed regularly to ensure that it remains relevant, effective, and capable of addressing emerging ethical concerns.



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Board Composition and Integrity

The Board, as SKRB's highest governing body, provides strategic oversight and ensures that the Group conducts its business with strong corporate governance and integrity. The key governance measures implemented are outlined below:



Appointed a separate Independent Non-Executive Director as Chairman to lead the Board, who is not the Chief Executive Officer or Managing Director 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 ("AC").



Appointed a fully non-executive 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.



Guaranteed 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's Board brings together directors with complementary expertise in finance, law, industry-specific knowledge, risk management, and sustainability. This breadth of experience supports effective oversight and informed decision-making, enabling the Board to navigate complex business challenges and evolving business landscapes.

Skills and Experience	Number of Directors
Accounting and Financial Expertise	3
Operational and Industry Knowledge	2
Risk Management & Compliance	1
Legal Expertise	1

Women's representation remains a key consideration in Board composition, reflecting its commitment to gender equality and workplace inclusivity. The Board is committed to maintaining at least 30% female representation each year, in line with Practice 5.9 of the MCCG 2021. In FY2026, following the resignation of an Executive Director, female representation on the Board decreased to 28.60%. In addition to promoting diversity in Board composition, the Board continues to enhance its understanding of sustainability matters relevant to the Group and its stakeholders, including climate-related risks, opportunities, and mitigation measures.

Descriptions	FY2024	FY2025	FY2026
Number of Board of Directors	8	8	7
Number of Independent Directors on the Board	4	4	4
Number of Women on the Board	3	3	2
% of Independent Directors on the Board	50	50	57.14
% of Women on the Board	37.50	37.50	28.57

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

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Fair Marketplace Practices

SKRB is committed to responsible procurement, prioritising fairness, transparency, and the support of local vendors in Malaysia. This commitment fosters long-term supplier partnerships while contributing directly to the Group's economic value distribution and also to local economic development.

Local Procurement Data	FY2024	FY2025	FY2026
Total Procurement Spend (RM'000)	436,182.4	428,215.8	403,079.0
Total Local Procurement Spend (RM'000)	435,836.0	426,494.5	401,837.2
Percentage of Local Procurement Spend	99.92%	99.60%	99.69%
Total Number of Suppliers	272	318	191
Total Number of Local suppliers	269	311	186
Percentage of Local Suppliers	98.90%	97.80%	97.38%

Procurement activities at SKRB are managed by the respective business segments while adhering to strict ISO-aligned standards. As part of the supplier management process, the Group conducts an annual evaluation of 25 selected suppliers based on relevant supplier evaluation criteria, including pricing competitiveness, product quality, delivery reliability, financial stability, compliance and other applicable requirements, as documented in the External Provider Performance Analysis Record.

Supplier Performance*	FY2024	FY2025	FY2026
Reliable	25	25	25
Acceptable	0	0	0
Unreliable	0	0	0
Total Number of Suppliers Assessed	**25**	**25**	**25**

** Annual assessment is performed on 25 selected suppliers.*

In addition, SKRB has implemented a Supplier Code of Conduct, which sets out expectations for suppliers regarding business practices, including relevant environmental, social, labour and ethical requirements. The Supplier Code of Conduct is communicated to suppliers as part of the supplier management process, and suppliers are expected to comply with the requirements stipulated in the Code.

SKRB remains committed to strengthening supplier management practices by incorporating environmental and social considerations into supplier evaluation and monitoring, where applicable beyond commercial reliability.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

SKRB's Supplier and Sourcing Commitment

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.
Energy Use:	Reducing energy consumption, enhancing energy efficiency and promoting renewable energy use.
Climate Change:	Reducing carbon footprint and GHG emissions.
Water Use:	Implementing water conservation measures to ensure sustainable water use.
Biodiversity:	Protecting ecosystems by avoiding harmful practices and promoting habitat conservation.
Resource Use:	Ensuring responsible sourcing and sustainable resource utilisation.
Waste Management:	Prioritising waste reduction, reuse, and recycling to support a circular economy.
Pollution:	Preventing pollution through rigorous waste management and emission control.
Health and Safety Standards:	Maintaining high safety standards to protect employee well-being across the supply chain.
Child Labour Prevention:	Prohibiting child labour across the supply chain.
Forced Labour Prevention:	Ensuring all work is voluntary and preventing forced or compulsory labour.
Non-Discrimination and Equal Opportunities:	Fostering diversity, inclusion, and equality for all employees, workers and suppliers.
Freedom of Association and Collective Bargaining:	Upholding universal rights to freedom of association, union establishment and collective bargaining.
Working Hours:	Eliminating or reducing excessive working hours and ensuring fair working conditions.
Minimum Wage:	Ensuring compliance with statutory minimum wage requirements, while working towards living wage standards above the legal minimum, where feasible, guided by Malaysia's Living Wage Policy[1] to meet employees' basic needs.

ANTI-CORRUPTION

SKRB maintains a strict zero-tolerance approach to all forms of bribery and corruption, underpinned by the Group's ABAC Policy. First implemented on 27 May 2020 and revised on 21 February 2025, the policy was further enhanced twice during FY2026 (on 24 February 2026 and 22 May 2026) in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2018. The February 2026 revision formalised the procedures for ABAC reporting, approvals, conflict of interest declarations, and periodic reviews. The subsequent May 2026 revision introduced due diligence requirements for individual donations and sponsorships exceeding RM3,000 – mandating receipt verification, purpose checks, conflict of interest reviews, and documented approval trails.

The ABAC Policy defines corrupt practices and comprehensively covers bribery, facilitation payments, the giving and receiving of gifts and hospitality, anti-money laundering and anti-terrorism financing, political contributions, donations, sponsorships, and other related matters. These activities and behaviours are strictly prohibited throughout the Group, including in its dealings with external parties such as agents, employees, and vendors.

Compliance with the ABAC Policy is mandatory for all Directors, employees, and intermediaries. Failure to comply may lead to penalties or disciplinary action, including termination of employment and legal action.

The Board, as the highest governing body, oversees the implementation of the ABAC Policy across the Group. SKRB provides ABAC training to employees to enhance awareness of the Group's principles, policies, and procedures, complemented by refresher training and regular reminders for existing employees. All new employees and Directors are required to complete induction training on the ABAC Policy to promote understanding and effective communication of the policy throughout the Group. Starting in FY2027, the Group will adopt an annual training and assessment programme on anti-corruption for all employees.

SKRB introduced a requirement in FY2024 for third-party vendors and relevant intermediaries to acknowledge compliance with the Group's ABAC Policy as part of its engagement requirements,

[1] Malaysian Living Wage Policy: https://www.mof.gov.my/portal/en/news/press-citations/glics-adopt-living-wage-policy-for-all-permanent-malaysian-employees

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

with an initial target of 20% and a progressive goal of achieving full compliance. Following a 65% vendor acknowledgement rate in FY2025, SKRB completed and implemented due diligence procedures in FY2026 to evaluate bribery and corruption risks during the selection and onboarding of new business partners and throughout the tender process. The procedures comprehensively address anti-corruption risks and apply to relevant new business partners.

SKRB made no political contributions during FY2026. The table below presents detailed information on SKRB's anti-corruption performance:

Anti-Corruption Data	FY2024	FY2025	FY2026
Total number of operations assessed for risks related to corruption	0	0	5[1]
Percentage of operations assessed for risks related to types of corruption	0	0	100%[1]
Number of corruption risk assessments based on types of corruption, including bribery	0	0	4[2]
Significant risks related to corruption identified through the risk assessment	0	0	0[3]
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to by employee category:			
i) Directors	100%	100%	100%
ii) Managerial staff	100%	100%	100%
iii) Executive staff	100%	100%	100%
iv) Operational staff	100%	100%	100%
Number and percentage of business partners that have acknowledged compliance with the organisation's anti-corruption policies and procedures	112 (41%)	207 (65%)	150 (78.5%)
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[4]:			
i) Managerial staff	0 (0%)	22 of 22 (100%)	20 out of 20 (100%)
ii) Executive staff	0 (0%)	31 of 31 (100%)	28 out of 28 (100%)
iii) Operational staff	0 (0%)	724 of 724 (100%)	525 out of 525 (100%)
iv) Total Employees	0 (0%)	777 of 777 (100%)	573 of 573 (100%)
Number of hours of training on anti-corruption:			
i) Directors	0	4	4
ii) Managerial staff	0	4	4
iii) Executive staff	0	4	4
iv) Operational staff	0	4	4
Total training hours	0	16	16
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

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Anti-Corruption Data	FY2024	FY2025	FY2026
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

Notes:

1. *Although the assessment was conducted at only one location, it covered all key subsidiaries, including Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.*
2. *Types of corruption assessed covered Bribery and Corruption Risk Assessment, Gifts, Entertainment & Hospitality, Donations & Sponsorships and Facilitation Payments.*
3. *Based on the ABAC Risk Assessment Review Report, the overall corruption risk exposure was assessed as ranging from "moderately low" to "moderate", supported by a generally sound ABAC framework.*
4. *The latest ABAC training was conducted in August and September 2026. Starting FY2027, the Group will conduct anti-corruption training and assessment for all employees 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 promote ethical conduct and transparency, SKRB has established a whistleblowing channel governed by a comprehensive Whistleblowing Policy. The channel enables internal and external stakeholders to confidentially report, in good faith and without fear of retaliation, any improper or unlawful conduct within the Group, including corruption, potential breaches of company policies, bullying, and harassment.

The AC oversees the whistleblowing process, ensuring that all reports are investigated thoroughly and that appropriate action is taken based on the severity of the reported misconduct. In FY2026, no reports were received through the whistleblowing channel.

FINANCIAL AND ESG RISK MANAGEMENT

The Board of SKRB, through the RMSC, fulfils its fiduciary responsibility to protect the Group's profitability by effectively managing financial and ESG risks, including climate-related risks. These risks may materially affect the Group's operational resilience and its ability to generate sustainable returns.

SKRB conducts materiality assessments every three to five years to identify, evaluate, and prioritise material ESG topics. This process enables the Group to respond effectively to emerging risks and opportunities, particularly climate-related physical and transition risks. As part of its ongoing efforts to strengthen climate-related risk management, SKRB is committed to conducting a climate risk assessment in FY2027, aligned with the requirements of IFRS S2.

The Group appoints an outsourced Internal Auditor to perform comprehensive risk assessments and reviews at the Group level. To maintain independence and objectivity, proposals from new audit firms are solicited at least once every five years. The Group Risk Register is actively managed and periodically updated to reflect emerging ESG-related risks.

SKRB acknowledges that climate-related and socio-economic risks are playing an increasingly important role in the decisions of investors, lenders, and insurers. Although the financial implications of climate change have not yet been fully incorporated into the Group's budget planning, efforts are underway to integrate them. These efforts include aligning disclosures with the TCFD framework and transitioning to the IFRS S1 and S2 standards issued by the International Sustainability Standards Board. Together, these frameworks will support SKRB in providing the capital markets with consistent and comparable information.

The Group is also committed to progressively improving the depth, accuracy, and transparency of its disclosures across the economic, environmental, social, and governance dimensions. By incorporating increasingly detailed data each year, the Group aims to strengthen 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 on page 105.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

ESG Risks and Opportunities

In line with its adoption of IFRS S1, SKRB has included an ESG Risks and Opportunities table in this section to provide a comprehensive overview of how these factors may affect 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 including Bursa CSI Prescribed Table (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 could incur unnecessary costs and result 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.	

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Material Matters	Risks	Opportunities	Capitals Impacted
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.	
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.*

Legend:

Financial Manufactured Intellectual Human Social Natural

REGULATORY COMPLIANCE

SKRB has implemented a comprehensive compliance framework to support adherence to all applicable laws, regulations, and policies across the jurisdictions in which it operates. The framework aims to prevent non-compliance, which could lead to fines, sanctions, reputational harm, or the loss of operating licences.

In FY2026, 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	FY2024	FY2025	FY2026
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 socio-economic 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 including Bursa CSI Prescribed Table (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	FY2024	FY2025	FY2026
AGM Notice Filing Date (DD-MM-YYYY)	26-10-2023	24-10-2024	23-10-2025
AGM Date (DD-MM-YYYY)	24-11-2023	22-11-2024	21-11-2025
No. of days between the date of notice and date of meeting	30	30	30

Note: *Please refer to page 183 of this Annual Report for the FY2026 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 ("PDPA") 2010, SKRB has established a multi-layered cybersecurity framework comprising firewalls, encryption protocols, access controls, real-time monitoring tools, and incident response mechanisms. Regular system maintenance and security updates are conducted to mitigate potential breaches, while simulated breach exercises and internal audits are carried out to assess and strengthen the Group's preparedness in responding to potential threats.

In FY2026, SKRB maintained a record of zero substantiated complaints or incidents of customer data loss or unauthorised disclosure.

PDPA	FY2024	FY2025	FY2026
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



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

DELIVER ECONOMIC VALUE

SKRB continues to focus on generating long-term economic value through areas that are critical to both the business and its stakeholders. These include sustaining profitability, improving operational efficiency, and leveraging technology and innovation to enhance productivity. The Group also continues to place 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 continued focus enables SKRB to navigate market volatility, capture emerging opportunities, and sustain profitability in a dynamic global business environment.

Material Topics:

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

UNSDGs Alignment:

Goal 8: Decent Work and Economic Growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9: Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

ECONOMIC PROFITABILITY

Building on the previous year's performance, SKRB continues to maintain resilient financial and operational performance in a competitive market. As a listed company, the Group remains committed to sustaining long-term profitability and delivering consistent value to its shareholders.

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

SKRB remains committed to complying with all applicable tax laws and regulations across its operations in Malaysia. The Group ensures the timely filing of tax returns, payment of statutory taxes, and fulfilment of reporting obligations under the Income Tax Act, Sales Tax Act, Service Tax Act, and relevant guidelines issued by the Lembaga Hasil Dalam Negeri ("LHDN") and Royal Malaysian Customs Department. Oversight of the Group's tax management and related risks is conducted by the Board of Directors.



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

In FY2026, SKRB's economic contributions are reflected in the value generated, distributed and retained across its operations. A detailed breakdown of these economic contributions is presented below.

Indirect Economic Values Created (RM'000)	FY2024	FY2025	FY2026
Economic Value Generated	493,769	486,699	444,230
Economic Value Distributed	472,631	471,884	434,060
a) Total monetary value/spend on procurement	436,182	428,216	403,079
b) Total payout to employees in salaries and benefits	28,604	34,638	23,179
c) Taxes paid to government	2,202	2,094	998
d) Repayments to Financiers	5,643*	6,936*	6,804
e) Dividend Returns to Shareholders	0	0	0
Economic Value Retained	21,138	14,815	10,170

Note:

* *FY2024–FY2025 Repayments to Financiers data have been restated from "NIL" to reflect the interest payments for the respective reporting periods.*

OPERATIONAL EFFICIENCY AND PRODUCTIVITY

Operational efficiency and productivity are key drivers of SKRB's profitability, cost competitiveness and long-term business resilience. These efforts enable the Group to deliver quality products at scale, optimise resource utilisation and minimise its environmental and social impacts, while supporting its ability to meet customer expectations, manage costs effectively and maintain its position as a responsible and high-performing industry player.

SKRB manages operational performance through investments in sustainable practices, modern equipment and process optimisation. Following the expansion of its sawmill production capacity from 36,000 tonnes in FY2020 to approximately 80,000 tonnes through the addition of four production lines, the Group continued its existing operations in FY2026, with a focus on managing resource usage and operating costs. The Group recorded an operating efficiency rate of 99% over total revenue during the year.

Operating Efficiency and Productivity	FY2024	FY2025	FY2026
Operating efficiency and productivity rate over total revenue (%)	98	96	99

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.

Building on the momentum of recent years, SKRB continued its digital transformation efforts in FY2026. These ongoing initiatives have supported manufacturing capability, workplace safety and material efficiency, contributing to operational and environmental performance. The Group is also exploring opportunities to meet growing market demand for eco-friendly and high-quality furniture.

PRODUCT SAFETY AND QUALITY

Customer trust and product quality remain fundamental to SKRB's business performance and reputation. The Group's approach is supported by its Quality Management System ("QMS"), responsible sourcing practices and established mechanisms for managing customer concerns.

In FY2026, SKRB maintained its QMS in alignment with ISO 9001:2015 standards, supported by its Quality Policy, standard operating procedures, quality assessments and audits across its

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

manufacturing operations. The Group also maintained its FSC certifications, including FSC 100%, FSC Mix and FSC Controlled Wood, reinforcing its commitment to responsible forestry practices.

Customer concerns relating to product safety and quality are managed through established complaint channels and the whistleblowing mechanism, with appropriate investigation and resolution processes in place. In FY2026, SKRB recorded zero complaints related to product safety and quality, and zero incidents involving product health and safety breaches or recalls.

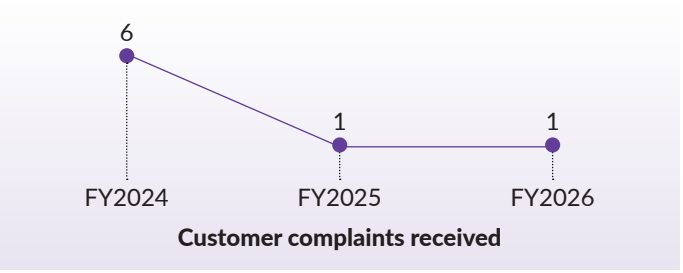
Product Safety	FY2024	FY2025	FY2026
Incidents of non-compliance concerning the health and safety impacts of products and services	0	0	0

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, which are key drivers of competitive advantage and brand recognition in the marketplace.

To remain responsive to evolving customer needs, SKRB 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 improvements in product design and service delivery, supporting customer trust and loyalty.

Customer Satisfaction	FY2024	FY2025	FY2026
Customer Satisfaction Scores (1 = Poor; 2 = Fair; 3 = Good; 4 = Excellent)	4 out of 4 (Excellent)	3 out of 4 (Good)	3.75 out of 4 (Good)
Customer complaints received	6	1	1
Customer complaints resolved	6	1	1



The Group has set targets to achieve a minimum customer satisfaction score of 3 out of 4, reduce the number of customer complaints, and respond to all complaints within two working days.

In FY2026, SKRB achieved a customer satisfaction score of 3.75 out of 4.00, exceeding its minimum target of 3 out of 4, with the complaint addressed and resolved within three working days.

Moving forward, SKRB will continue to consider this feedback to identify opportunities to enhance its product offerings and service delivery, with the aim of strengthening customer satisfaction, encouraging repeat patronage and sustaining long-term demand.

ACCESS TO FINANCING

SKRB's access to sufficient and cost-effective financing remains important to maintaining operational continuity, supporting business expansion and strengthening long-term financial resilience. The Group's funding base comprises equity contributions from shareholders and investors, internally generated revenue, and borrowings from financial institutions, providing a diversified approach to meeting its capital requirements.

As sustainability considerations become increasingly integrated into financing and investment decisions, SKRB recognises the importance of maintaining sound ESG practices alongside strong financial fundamentals. Responsible sourcing, sustainable operations and ethical business conduct contribute to the Group's overall risk profile and positioning when engaging with investors and financial institutions. These considerations also provide opportunities for SKRB to explore suitable green or sustainability-linked financing where commercially appropriate.

The Group's ability to secure financing on favourable terms is influenced by a range of internal and external factors, including regulatory compliance, financial performance, revenue generation, cost management, market conditions, currency fluctuations, interest rate movements and the stability of the global furniture export market.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

SKRB fulfils its statutory obligations, maintains transparent disclosures and manages its tangible and intangible assets to support financing requirements, including their use as collateral where appropriate. The RMSC oversees relevant financial risks and market conditions, supporting alignment between the Group's capital requirements and its strategic objectives.

MARKET ACCESS

In FY2026, SKRB continued to strengthen its international market presence by supplying products to over 15 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 continued to focus 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 License 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 License	State of Ohio, Department of Commerce, Division of Industrial Compliance	CA 37420 MY	30/09/2026
Manufacturer of Bedding and/or Upholstered Furniture Permit	State of Utah Department of Agriculture and Food	1101-21999	31/12/2026
Manufacturer of Bedding and Upholstered Furniture	State of Connecticut Department of Consumer Protection	MFG.CA.00374203. (MY)	30/04/2027
Manufacturer	Virginia Department of Health, Department of Health, Bedding and Upholstered Furniture Programme, Commonwealth of Virginia	15544	31/08/2026
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 including Bursa CSI Prescribed Table (cont'd)

MINIMISE ENVIRONMENTAL IMPACT

Environmental management remains an integral part of SKRB's sustainability approach, particularly given the Group's reliance on natural resources in its furniture manufacturing operations. The Group seeks to manage its environmental impacts through responsible resource use, energy efficiency, emissions management, water stewardship, and waste reduction and recycling.

SKRB integrates environmental considerations into its operational practices and complies with applicable environmental requirements and standards. These efforts support the efficient use of resources, reduction of environmental impacts and protection of biodiversity, while contributing to the Group's broader response to climate-related risks. The approach is intended to balance operational needs with environmental considerations and support the long-term sustainability of the Group's manufacturing activities.

Material Topics:

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

UNSDGs Alignment:

Goal 12: Responsible Consumption and Production
Ensure sustainable consumption and production patterns.

Goal 13: Climate Action
Take urgent action to combat climate change and its impacts.

Goal 15: Life on Land
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

RESOURCE STEWARDSHIP

SKRB is committed to responsible material sourcing and the efficient use of natural resources, recognising the environmental implications of timber consumption on biodiversity and climate change. The Group prioritises renewable materials and responsible forestry practices across its furniture manufacturing operations to minimise potential impacts on ecosystems.

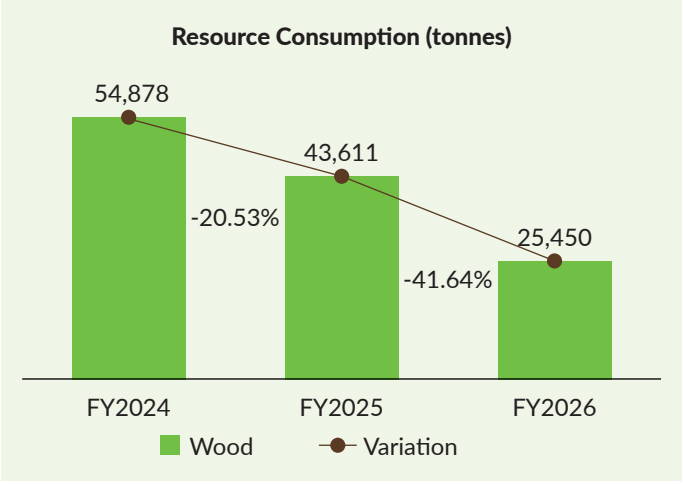
More than 65% of SKRB's output is produced using rubberwood, a renewable timber harvested from rubber trees that have reached the end of their latex-producing cycle. The use of rubberwood supports the utilisation of a renewable resource while reducing reliance on primary forests.

For additional timber requirements, SKRB sources wood from areas certified by the Forestry Department (Jabatan Perhutanan), with procurement practices designed to avoid materials from species listed on the International Union for Conservation of Nature ("IUCN") Red List. The Group also seeks to improve material efficiency and maximise the utilisation of renewable resources, supporting responsible sourcing and environmental protection.

SKRB further demonstrates its commitment to responsible forestry through certifications under the Forest Stewardship Council A.C. ("FSC"), including FSC 100%, FSC Mix and FSC Controlled Wood. These certifications provide independent assurance of the Group's adherence to recognised standards for responsible wood sourcing and sustainable forest management.

In FY2026, SKRB recorded total resource consumption of 25,450 tonnes, representing a 41.64% reduction from 43,611 tonnes in FY2025. The reduction reflects lower overall material consumption during the reporting period, mainly due to increased use of MDF boards in place of rubberwood to meet customer requirements. In addition, VPM and SKPW purchased fewer tropical wood logs and wood, respectively, following a decline in customer orders. This reduction underscores the importance of efficient resource utilisation across the Group's manufacturing activities.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)



Note: *Resource Consumption Data has been compiled from the following subsidiaries:*

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

As part of its longer-term approach to resource stewardship, the Group, through SK Sustainable Forestry Development Sdn. Bhd. ("SKSFD"), has identified an opportunity to develop approximately 400 hectares of forest land in the Chiku District, Kelantan. The project involves the planting of merchantable tree species, including Eucalyptus, for commercial purposes, with the potential to support a future supply of raw materials for the Group's wood processing, trading and furniture manufacturing activities.

Beyond securing a long-term supply of raw materials, SKRB remains committed to enhancing resource efficiency across its operations. The Group will continue to review its business processes to identify opportunities to optimise resource utilisation, reduce environmental impacts and improve the efficiency of its manufacturing activities.

CLIMATE CHANGE

Climate change presents physical and transition risks that may affect SKRB's operations, supply chain, raw material availability and long-term financial resilience. The increasing occurrence of severe weather events and flooding further underscores the importance of managing climate-related risks across the Group's operations and value chain.

SKRB's climate strategy incorporates both mitigation and adaptation measures, with actions aligned with Malaysia's climate ambitions and the National Energy Transition Roadmap ("NETR"). The Group focuses on reducing Scope 1 and Scope 2 emissions, increasing the adoption of renewable energy and improving overall carbon efficiency, supporting Malaysia's Nationally Determined Contributions ("NDC") under the Paris Agreement.



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

The following table provides an overview of the Group's GHG Emissions including the data sources, calculation methodologies and data coverage for Scope 1, Scope 2 and selected Scope 3 categories, with reference to the GHG Protocol.

Scope 1 Emissions

Scope 1 emissions comprise direct GHG emissions from sources owned or controlled by SKRB.

Data Sources	Purchase records retrieved from the accounting records for diesel purchases used in company-owned vehicles.
Calculation Methodology	Diesel consumption in litres is multiplied by the applicable fuel combustion emission factor to calculate carbon dioxide equivalent ("CO_2e") emissions. The calculation methodology refers to recognised sources, including the United States Environmental Protection Agency ("EPA") GHG Emission Factors hub, the Intergovernmental Panel on Climate Change ("IPCC") database and relevant GHG Protocol guidance.
Data Coverage	FY2024: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2025: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2026: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.

Scope 2 Emissions

Scope 2 emissions comprise indirect GHG emissions arising from the generation of purchased electricity consumed in SKRB operations.

Data Sources	Monthly electricity consumption data obtained from Tenaga Nasional Berhad ("TNB") utility bills.
Calculation Methodology	Electricity consumption in kilowatt-hours ("kWh") is multiplied by the applicable emission factor to calculate CO_2e emissions. The calculation refers to recognised sources, including the United Nations Framework Convention on Climate Change ("UNFCCC") harmonised Grid Factors, the EPA GHG Emission Factors hub, the IPCC database and relevant GHG Protocol guidance.
Data Coverage	FY2024: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2025: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2026: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Scope 3 Emissions

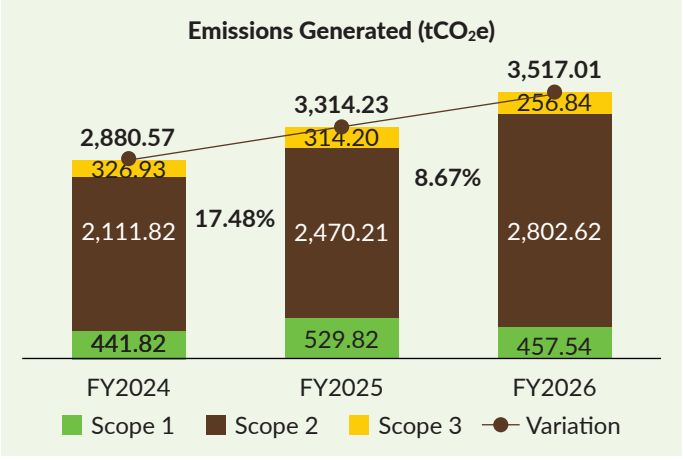
Scope 3 emissions comprise indirect emissions occurring across SKRB's value chain. The Group currently reports selected Scope 3 categories where sufficient data is available, including waste generated in operations, employee commuting and business travel, which are defined by IPCC and GHG Protocol.

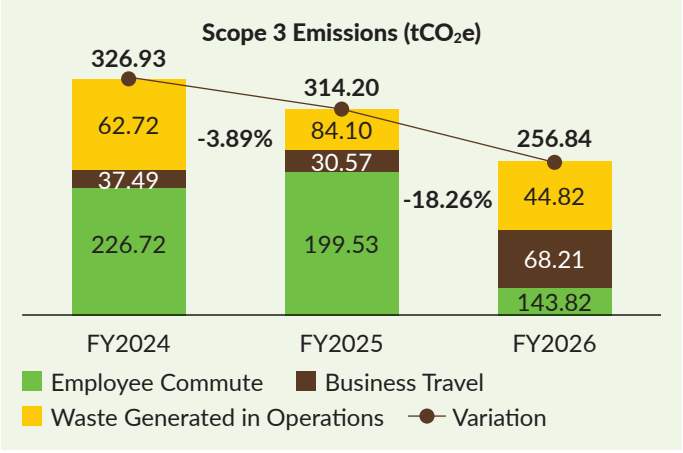
Category 5: Waste Generated in Operations	
Data Sources	Waste data calculated and verified by an independent third party based on contractor-provided collection records.
Calculation Methodology	Waste-type-specific methodology where waste records were multiplied by the corresponding greenhouse gas emission factors provided by Department for Environment, Food and Rural Affairs ("DEFRA") (2025/2026) based on waste type.
Data Coverage	FY2024: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2025: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2026: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.
Category 6: Business Travel	
Data Sources	Business travel records, including travel distance and mode of transport based on available travel records, claims or supporting documentation.
Calculation Methodology	Distance-based methodology where travel records were standardised to distance travelled and multiplied by the corresponding greenhouse gas emission factors provided by DEFRA (2025/2026) based on the mode of transportation.
Data Coverage	FY2024: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2025: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2026: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.
Category 7: Employee Commuting	
Data Sources	Employee commuting information, including estimated commuting distance, mode of transport and annual working days.
Calculation Methodology	Distance-based methodology where travel records were standardised to distance travelled and multiplied by the corresponding greenhouse gas emission factors provided by DEFRA (2025/2026) based on the mode of transportation.
Data Coverage	FY2024: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2025: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations. FY2026: Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

In FY2026, SKRB recorded Scope 1 emissions of 457.54 tCO_2e, representing a 13.64% reduction from 529.82 tCO_2e in FY2025. The reduction was primarily attributable to lower diesel consumption from forklifts and trucks following the outsourcing of certain woodworking operations to subcontractors. In contrast, Scope 2 emissions increased by 13.46% to 2,802.62 tCO_2e from 2,470.21 tCO_2e in FY2025, mainly due to higher electricity consumption resulting from extended operating hours for spray painting activities to meet delivery timelines.

The charts below provide an overview of the Group's greenhouse gas emissions, including a breakdown of Scope 3 emissions from employee commuting, business travel, and waste generated in operations.





Note: *FY2024–FY2025 Scope 3 emissions data have been restated following updates to the business travel emissions calculation methodology.*

Emissions Intensity over Sales (tCO_2e/RM'mil)	FY2024	FY2025	FY2026
Scope 1	0.89[2]	1.12	1.05
Scope 2	4.28[2]	5.23	6.43
Scope 1 & 2	5.17[2]	6.35	7.47
Scope 1, 2 & 3	5.83[2,5]	7.01[3]	8.06

Notes:

1. *Intensity is calculated based on the following sales figures: FY2026: RM444.23 mil; FY2025: RM486.70 mil; FY2024: RM493.77 mil.*
2. *FY2024 Emissions Intensity over Sales data has been restated following updates to the sales figures.*
3. *FY2024–FY2025 Scope 1, 2 & 3 intensity data have been restated following updates to the Scope 3 emissions calculation methodology.*

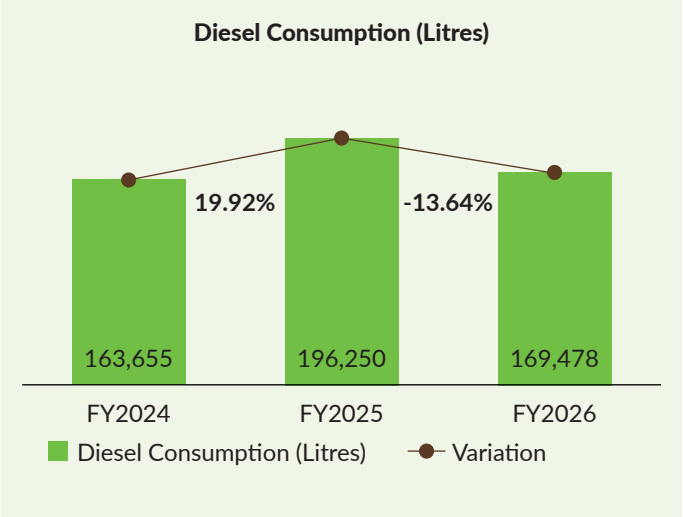
ENERGY CONSUMPTION

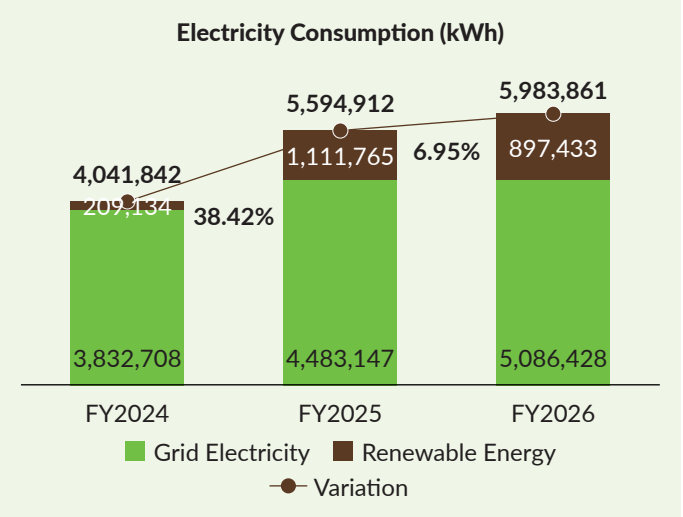
Energy efficiency is an important aspect of SKRB's operational and environmental performance, particularly given the energy-intensive nature of wood processing and furniture manufacturing. The Group monitors energy consumption as part of its ESG indicators, with energy management focused on optimising operational efficiency and reducing associated greenhouse gas emissions.

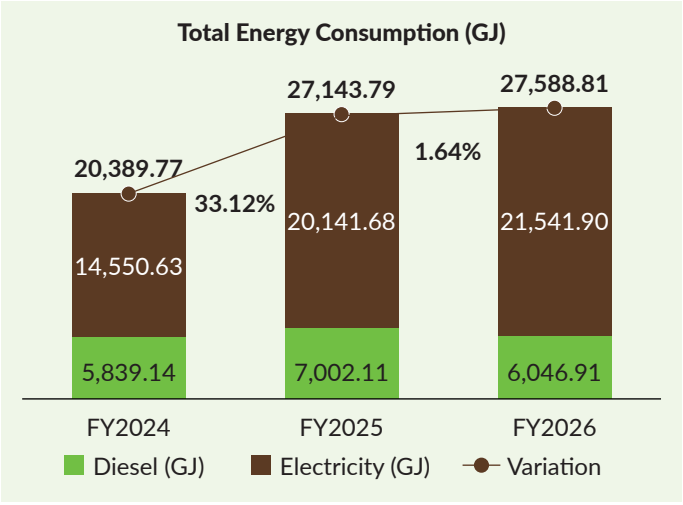
SKRB applies a range of energy efficiency measures across its operations, including optimising production schedules, conducting routine equipment maintenance, and adopting energy-efficient machinery and lighting where appropriate. The Group also seeks to maximise raw material utilisation and identify opportunities to improve energy performance across its manufacturing processes. These measures support more efficient energy use and contribute to the Group's broader efforts to manage its carbon footprint.

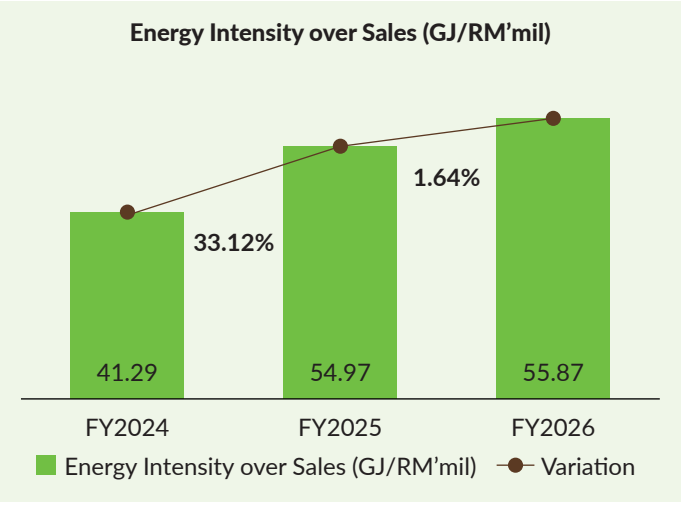
In FY2026, SKRB recorded electricity consumption of 5,983,861 kWh, an increase of 6.95% from FY2025, while diesel consumption decreased by 13.64% to 169,478 litres. Overall, the Group's total energy consumption stood at 27,588.81 GJ in FY2026, representing a marginal increase of 1.64% compared to 27,143.79 GJ in FY2025.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)









Notes:

1. *Data coverage for FY2024–FY2026 comprises Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.*
2. *Total energy consumption is calculated based on the conversion of total fuel and electricity consumption using conversion factors in the Malaysia Energy Statistics Handbook 2020.*
3. *Intensity is calculated based on the following sales figures: FY2026: RM444.23 mil; FY2025: RM486.70 mil; FY2024: RM493.77 mil.*
4. *FY2024 Energy Intensity over Sales data has been restated following updates to the sales figures, while FY2025 data has been restated following a revision to the calculation.*

SKRB remains focused on expanding renewable energy within its operations, with the goal of generating 40% of its energy needs from renewable sources by FY2030. Following the commissioning of its solar power installations in April 2024, two of the Group's seven business units operated solar generation facilities during FY2026, producing 897,433 kWh of renewable energy.

Renewable energy accounted for 15% of the Group's total electricity consumption of 5,983,861 kWh in FY2026, compared with 19.87% of 5,594,912 kWh in FY2025. Renewable energy generation decreased by 19.3% from FY2025, while total electricity consumption increased by 6.95% during the year. The Group will continue to monitor renewable energy generation and explore opportunities to increase its contribution towards the FY2030 target.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

WATER CONSUMPTION

Recognising clean water as a fundamental human right, SKRB places strong emphasis on responsible water management as part of its ESG priorities. The Group considers water availability when assessing its operational footprint and, for potential new sites, conducts feasibility studies to assess water availability and avoid locations facing water scarcity. Based on the World Resources Institute's Aqueduct Water Risk Atlas, none of SKRB's current properties are located in water-stressed regions.

The Group sources its water entirely from municipal potable water supplies and monitors consumption across its operational sites to support efficient use and minimise unnecessary consumption. In FY2026, SKRB recorded total water consumption of 23,527 m^3, representing a 14.2% reduction from 27,422 m^3 in FY2025. Water consumption intensity decreased by 15.25% against the FY2025, based on total water consumption of 23,527 m^3 across 466,992 sq. ft. of operational area.

Water Performance Data (m^3)	FY2024	FY2025	FY2026
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	17,760.00	27,422.00	23,527.00
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	**17,760.00**	**27,422.00**	**23,527.00**
Water Withdrawal from Water-Stressed Region	0.00	0.00	0.00
Total Water Use/Consumption	**17,760.00**	**27,422.00**	**23,527.00**
Water Intensity over Sales (m^3 per RM'mil)	35.97[3]	58.02	53.94
Water Intensity over Operational Area (m^3 per sq ft)	0.04[3]	0.06[3]	0.05[3]
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	17,760.00	27,422.00	23,527.00
Beneficial/Other Use Discharge	0.00	0.00	0.00
Total Water/Effluents Discharged	**17,760.00**	**27,422.00**	**23,527.00**
Number of Incidents of Non-compliance with Water Quality/Quantity Permits, Standards and Regulations	**0**	**0**	**0**

Notes:

1. *Data coverage for FY2024–FY2026 comprises Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.*
2. *Intensity is calculated based on the following sales figures: FY2026: RM444.23 mil; FY2025: RM486.70 mil; FY2024: RM493.77 mil; and operational area of 466,992 sq ft for FY2024 to 2026. The operational area excludes premises leased to third parties over which the Group does not have operational control.*
3. *FY2024 Water Intensity over Sales and FY2024–FY2025 Water Intensity over Operational Area data have been restated following updates to the sales figures and operational areas.*

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

SKRB promotes responsible water use through employee awareness initiatives and practical measures, including ensuring water-consuming equipment is switched off when not required. The Group also evaluates opportunities to adopt additional water-saving measures, such as water recycling and reuse systems, to further improve water efficiency and reduce consumption. These efforts support the Group's broader approach to conserving water resources and promoting their sustainable use over the long term.

WASTE MANAGEMENT AND RECYCLING

SKRB remains committed to responsible waste management, recognising the importance of minimising waste generation, maximising resource recovery and preventing potential environmental impacts arising from its operations. Operating in a sector that relies heavily on wood and other natural raw materials, the Group prioritises waste reduction at source, reuse and recycling, alongside safe and compliant disposal practices in line with circular economy principles.

Guided by the principles of Reduce, Reuse and Recycle ("3R"), SKRB integrates waste and resource management practices across its operations. These efforts include maximising the reuse of wood by-products and other materials, reducing waste generation and ensuring the appropriate handling and disposal of waste. Through these practices, the Group seeks to minimise its environmental footprint and promote the circular use of resources.

Reduce

SKRB continues to invest in new technologies that boost manufacturing efficiency and lower resource usage to reduce resource consumption, particularly 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 wood-based 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.

In FY2026, SKRB diverted 98.40% of its total waste from disposal, with 9,476.25 tonnes of waste recovered through recycling efforts. This represents an improvement of 3.51% as compared to the 95.07% diversion rate recorded in FY2025 and reflects the Group's efforts to maximise resource recovery and minimise waste directed to disposal. A total of 153.98 tonnes of waste was directed to disposal during the year. The reduction in total waste generated was mainly due to changes in woodworking operations.

These efforts are supported by the Group's established waste management practices, including the use of advanced machinery, routine inspections and processes aligned with applicable guidelines issued by Malaysia's Department of Environment ("DOE"). SKRB also maintains appropriate channels for the handling and disposal of electronic waste through authorised parties.

Waste Data (tonnes)	FY2024	FY2025	FY2026
Hazardous Waste	0.00	0.00	0.00
Non-Hazardous Waste	13,478.17	18,071.74	9,630.23
Total Waste Generated	13,478.17	18,071.74	9,630.23
Waste Diverted from Disposal (Recycled waste)	12,937.97[2]	17,180.27	9,476.25
Waste Directed to Disposal	539.202[2]	891.47	153.98

Notes:

1. *Data coverage for FY2024–FY2026 comprises Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.*
2. *FY2024 Waste Diverted from Disposal and Waste Directed to Disposal data have been restated to reflect the accurate figures.*

Looking ahead, the Group will further strengthen its waste management practices by refining internal systems and exploring greater collaboration across its supply chain. Greater emphasis will be placed on establishing data-driven targets to guide future initiatives, improve waste performance and foster shared responsibility among business partners in advancing sustainable waste management.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

ENVIRONMENTAL COMPLIANCE

SKRB places strong emphasis on full compliance with applicable environmental laws and regulations as a fundamental aspect of responsible operations. The Group seeks to minimise environmental impacts, promote sustainable practices and manage risks associated with climate change, pollution and biodiversity.

SKRB manages potential pollution risks arising from its wood processing and furniture manufacturing activities through the monitoring of effluents, air quality and noise emissions. Supported by robust management systems, these measures ensure compliance with applicable environmental requirements while safeguarding surrounding ecosystems and local communities.

In FY2026, SKRB recorded zero incidents of legal non-compliance related to environmental pollution, spills or air emissions, and zero complaints from neighbouring communities.

Environmental compliance forms part of SKRB's broader approach to environmental stewardship, encompassing responsible sourcing, resource efficiency and sustainable production practices. These efforts support the Group in managing environmental risks while maintaining responsible operations and contributing to the well-being of surrounding communities.

BIODIVERSITY

Given SKRB's reliance on sustainably sourced wood for its furniture manufacturing activities, biodiversity considerations form an important part of the Group's approach to responsible forestry and resource management. The Group seeks to minimise potential impacts on natural habitats and ecosystems through responsible sourcing practices and the efficient management of wood-related resources.

Biodiversity considerations are incorporated into the Group's annual ESG assessment, supporting their consideration in sustainability-related decision-making. SKRB also applies responsible sourcing practices to its raw and traded wood materials, with procurement focused on sources that meet applicable forestry and sustainability requirements.

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



Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

SOCIAL RESPONSIBILITY

SKRB's success is underpinned by a diverse and inclusive workplace. The Group places strong emphasis on employee satisfaction and well-being, while offering competitive remuneration and transparent career development opportunities. Community engagement is also an important component of the Group's strategy. Through various initiatives, SKRB contributes to local socio-economic development, strengthens relationships with communities, and promotes shared value for all stakeholders.

Material Topics:

- Occupational Safety and Health
- Talent Management
- Community Development

UNSDGs Alignment:

Goal 3: Good Health and Well-being
Ensure healthy lives and promote well-being for all at all ages.

Goal 4: Quality Education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 5: Gender Equality
Achieve gender equality and empower all women and girls.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Safety and Health is a key strategic priority for SKRB. The Group is firmly committed to continuously enhancing its OSH performance and strengthening its related policies. SKRB acknowledges that safety incidents may result in operational disruptions, reputational harm, and, most critically, threats to human life. Accordingly, the Group enforces a strict zero-tolerance OSH policy in accordance with the Occupational Safety and Health Act 1994 and its associated regulations. Overseen by the Board and reviewed regularly, this comprehensive policy applies to all employees, contractors, suppliers, and visitors.

The Group promotes proactive safety management through dedicated Safety and Health Committees at each operational unit. Comprising employee and Management representatives, these committees continuously monitor workplace safety practices. During quarterly meetings, they facilitate an open exchange of ideas, enabling worker feedback on current site conditions to inform the development of accident prevention measures. Employees may also raise OSH concerns outside these formal meetings by contacting on-site committee members directly or submitting reports via email at any time. The Safety and Health Committee and Management promptly review this feedback and enhance existing controls where necessary.

To systematically identify and address potential hazards, SKRB conducts regular occupational health and safety risk assessments across all operating sites. Due diligence is also undertaken for any new operations initiated by the Group.

In the event of an accident or injury, including any fatality, the matter is immediately reported to the relevant Safety and Health Committee before being escalated to Management and the Board for further oversight. Each incident is investigated comprehensively, and the findings and corrective measures are communicated throughout the Group to help prevent recurrence. Through the RMSC, the Board and Management continuously monitor OSH performance and assess progress against established safety targets. This comprehensive approach supports a safe working environment while fostering a strong culture of accountability across the organisation.

SKRB's commitment to occupational health and safety enabled it to achieve its FY2026 target of zero fatalities. The Group recorded three LTI incidents this year, compared to nine in FY2025. This decrease was primarily attributed to a reduction in the Group's overall workforce during the year. In response, the Group has intensified safety training programmes to strengthen awareness and preventive measures among all employees. The Group manages workplace safety through compliance with applicable national statutory requirements, including maintaining valid Department of Occupational Safety and Health ("DOSH") Certificates of Fitness for applicable machinery under the Occupational Safety and Health Act 1994.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Nevertheless, the Group's occupational injury rate of 5.24 per 100,000 workers was slightly higher than the DOSH manufacturing industry benchmark[2] of 4.36 per 100,000 workers. The Group has recorded a zero fatality rate among its employees and contractors in FY2026, compared with the industry benchmark fatality rate of 3.04 per 100,000 workers in 2024. The Group will continue to provide training on health and safety practices and standards for employees to strengthen awareness and promote a safe working environment. The Group's OSH performance data for FY2026, together with a three-year performance trend, is presented in the charts and tables below.

OSH Performance Data	FY2024	FY2025	FY2026
Total manhours worked	1,727,572	1,761,148	1,278,592
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	5	9	3
Total number of lost days	137	90	132
Total number of Lost Time Injury (LTIs)	5	9	3
Incident Report	5	9	3
Unsafe Act Unsafe Condition (UAUC)	0	0	0
Occupational diseases rate	0	0	0
Absenteeism rate - days	615.54	951.00	491.50
Absenteeism rate - headcount	452	636	354
Injury Rate (including fatalities)	0.58	1.02	0.47
Lost Day Rate	15.86	10.22	20.65
LTI Rate[2]	0.58	1.02	0.47
Fatality Rate	0.00	0.49	0
Number of employees trained on health and safety standards	24	25	74

Notes:

1. *Data coverage for FY2024–FY2026 comprises Sern Kou Furniture Industries Sdn. Bhd. ("SKFI"), S.K. Furniture Sdn. Bhd., Sern Kou Plywood Sdn. Bhd. ("SKPW"), Souncern Timber Sdn. Bhd. and Valued Products (M) Sdn. Bhd. ("VPM"), representing 100% of SKRB's operations.*
2. *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.*

[2] Department of Occupational Safety and Health. (2024). Occupational accident and occupational disease statistics. Ministry of Human Resources Malaysia. https://dosh.gov.my/my/dashboard/statistik-kecederaan-dan-penyakit/

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

TALENT MANAGEMENT

SKRB regards its workforce as the foundation of its success, making talent management a strategic priority for the Group. Recognising the strong connection between employee well-being, productivity, and long-term growth, the Board and Management maintain active oversight of these areas. This responsibility is supported by the Group's Human Resource ("HR") function, which remains focused on nurturing, developing, and supporting SKRB's most valuable asset—its people.

Recruitment, Retention & Remuneration

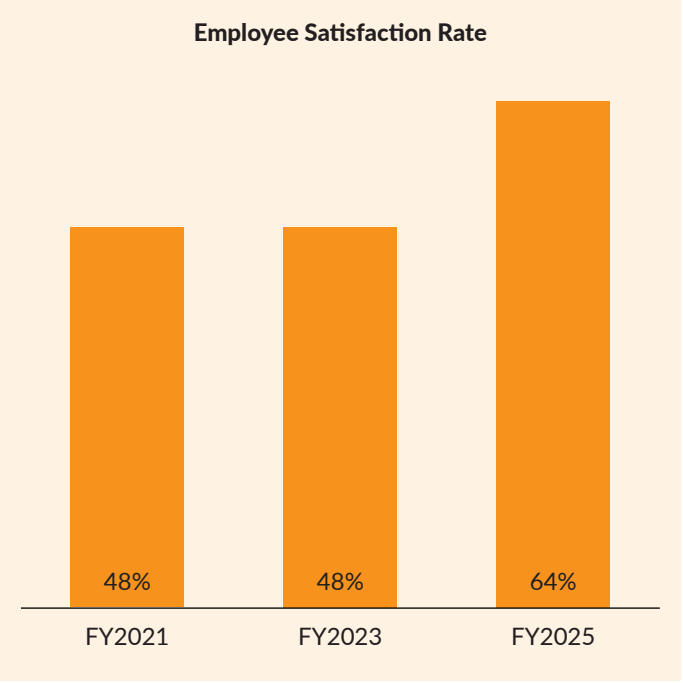
In FY2026, SKRB continued to implement a comprehensive human resources management framework to support employees throughout their employment journey. This framework includes a structured induction programme for new hires, formal channels for reporting workplace bullying, harassment, and grievances, and clear protocols for managing employee departures.

To maintain the Group's competitive advantage in attracting and retaining talent, SKRB regularly monitors key indicators, including employee turnover, recruitment activities, and satisfaction levels. The high employee turnover rate in FY2026 was mainly attributable to changes in employment among foreign workers through the "Pertukaran Majikan" (Change of Employer) process. The effectiveness of its talent management strategy is assessed through employee satisfaction surveys conducted every two years.

Workforce Breakdown	FY2024	FY2025	FY2026
Total Workforce (no.)	770	777	573
Permanent Staff (%)	100	100	100
Temporary/Contract Staff (%)	0	0	0
Total New Hires (no.)	258	140	15
Total Turnover (no.)	83	219	285
Full-Time Staff Voluntary Turnover Rate (%)*	11	28.19	50
Employees Entitled to Employee Benefits (%)	100	100	100

Note:

* *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.*



Notes:

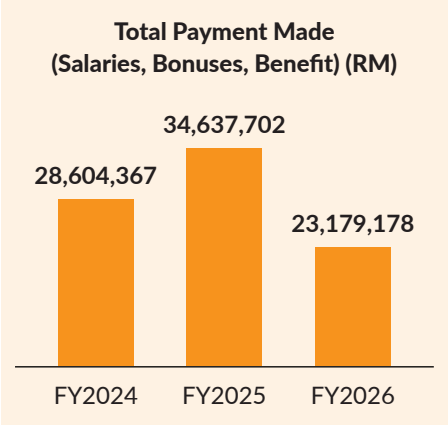
1. *Employee satisfaction surveys are conducted once every two years.*
2. *Employee satisfaction rate percentage is calculated based on number of employees who have provided good or excellent ratings during a recent employee satisfaction survey.*

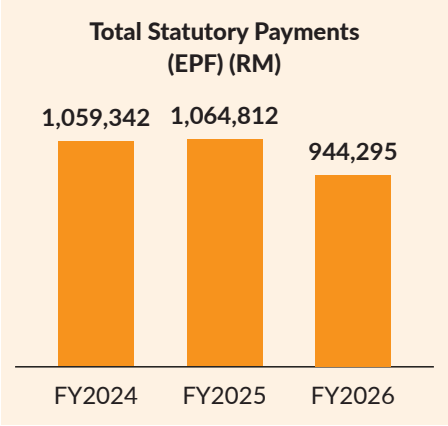
SKRB recognises that a well-structured compensation and benefits package is vital to attracting and retaining high-calibre talent. Therefore, the Group offers competitive remuneration together with a comprehensive range of benefits to support employee well-being.

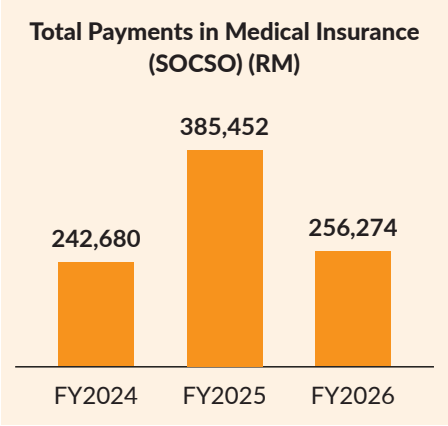
The benefits package covers medical and personal accident insurance, annual, sick, and hospitalisation leave, along with other entitlements, including parental, marriage, and compassionate leave. Travel claims are also provided to support employees in carrying out their professional responsibilities. In addition, SKRB fulfils all statutory obligations relating to contributions to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO").

Beyond these benefits, the Group acknowledges the importance of employee engagement and a positive workplace culture. Although formal engagement initiatives, such as festive celebrations, sports and recreational activities, birthday celebrations, and team-building exercises, are not currently in place, management is exploring potential opportunities and intends to present proposals to the Board in the coming years.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)



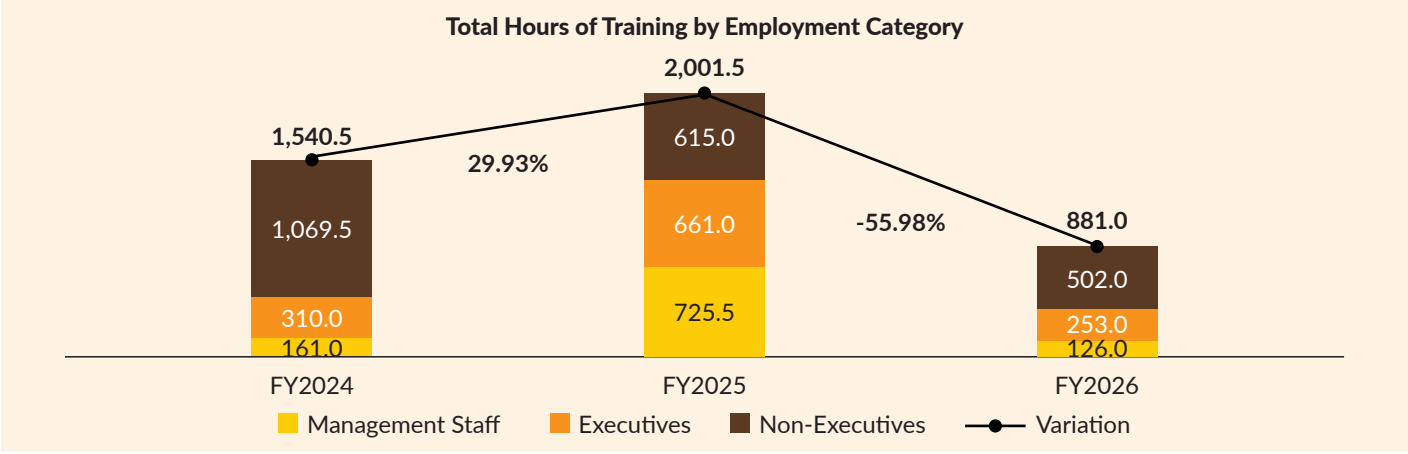


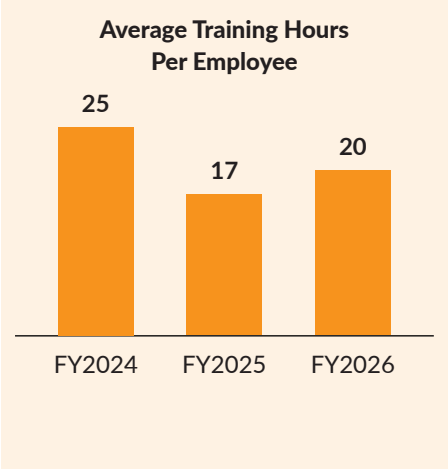


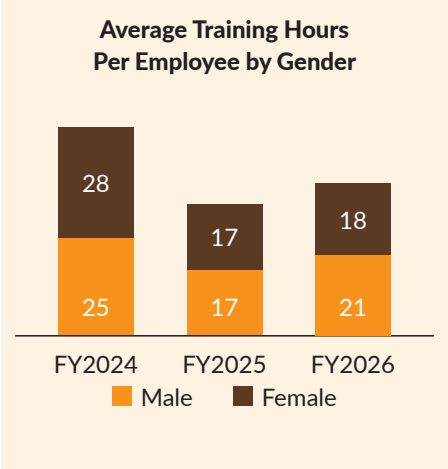
Talent Development and Growth

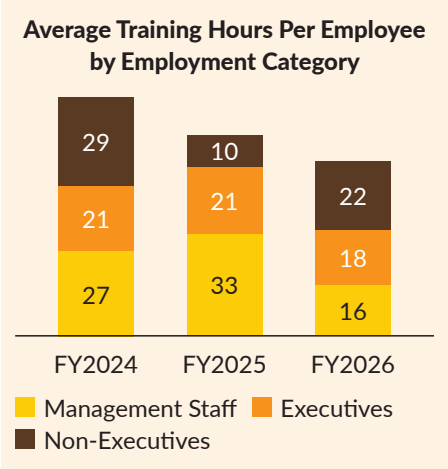
Employee development remains a key component of SKRB's human resources strategy. In FY2026, the Group continued to provide training opportunities covering areas relevant to employees' current responsibilities and future roles, focusing on enhancing key skills, developing leadership potential, and aligning with industry best practices to support professional growth and career progression.

Against a target of at least 25 training hours per employee, FY2026 recorded 20 training hours per employee, based on 881 total training hours for 45 eligible employees (FY2025: 17 hours). The Group is working towards improving training hours in the coming year to better meet this target. Looking ahead, the Group aims to further broaden its training scope in FY2027 to include targeted personal development programmes as part of its ongoing capability-building efforts.





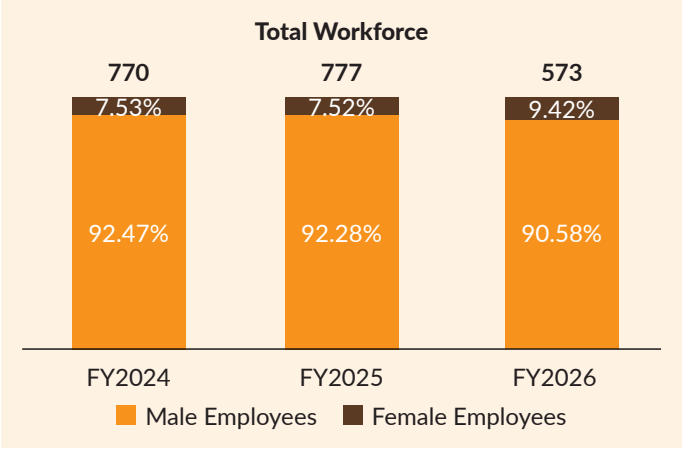


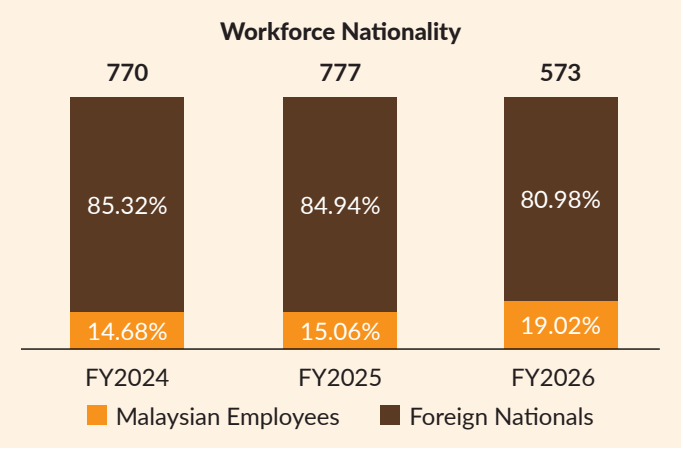


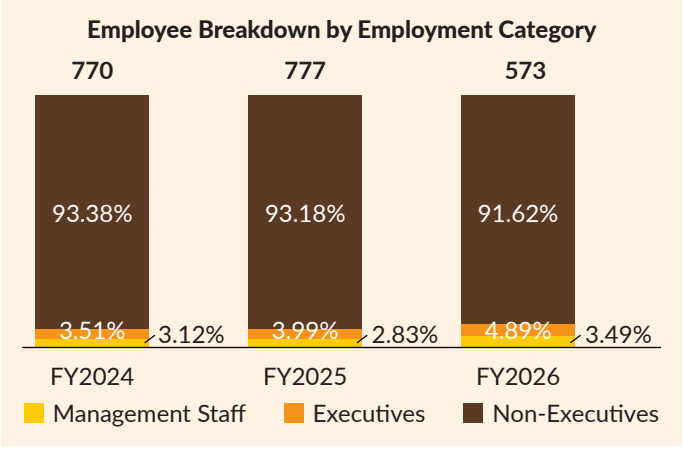
Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

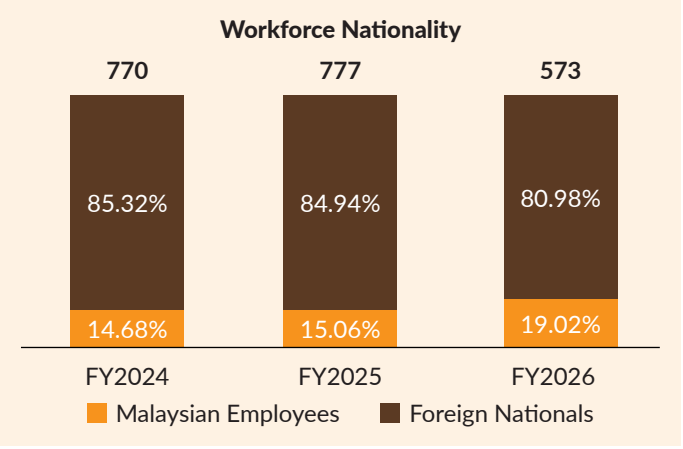
Championing Diversity, Inclusivity and Non-Discrimination

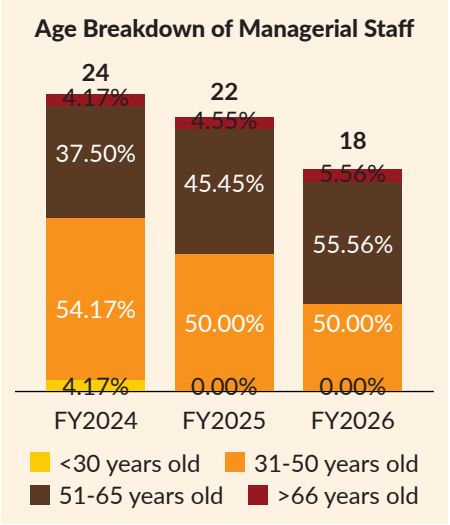
SKRB is committed to fostering a diverse, equitable and inclusive workplace where all employees have equal opportunities for personal and professional development. This commitment is embedded across talent management practices, including recruitment, remuneration, career progression and succession planning, based on merit and without discrimination based on age, gender, ethnicity, religion, sexual orientation, disability, nationality or other personal characteristics. The Group monitors key diversity indicators to support continuous improvement in workforce diversity and equal opportunities.

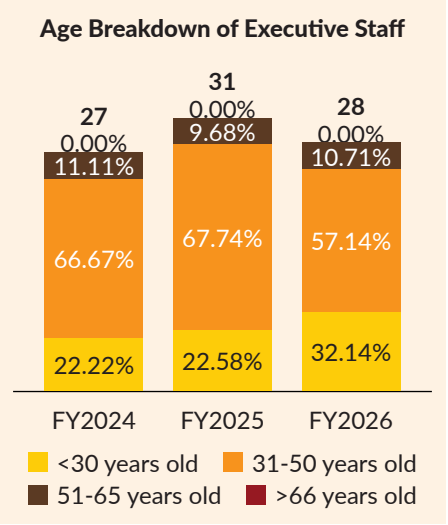


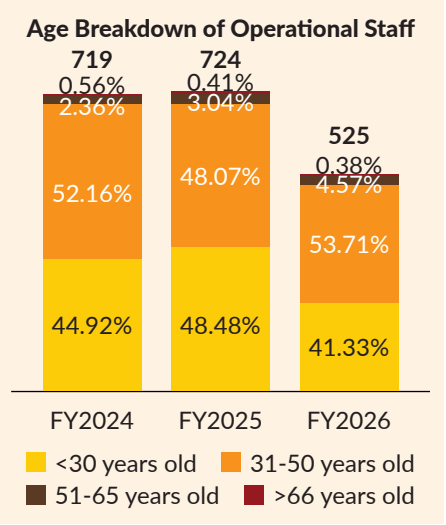




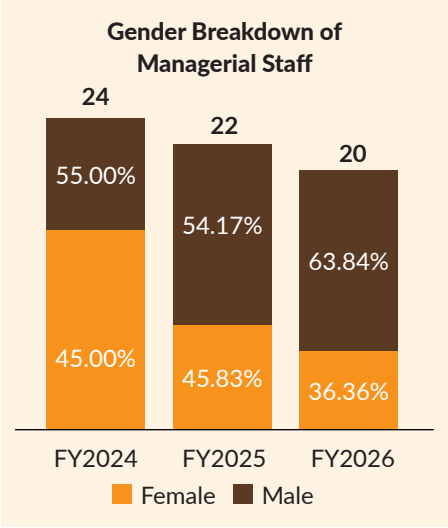


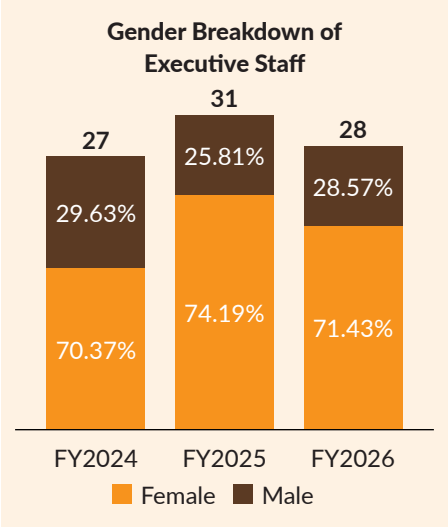


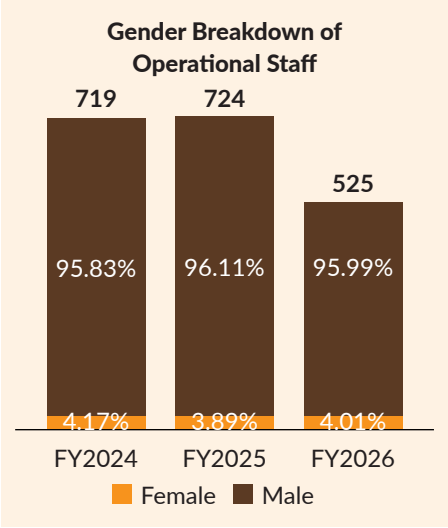


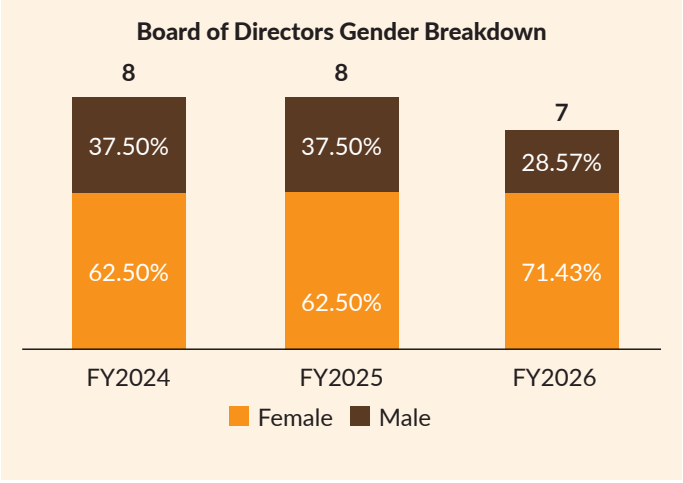


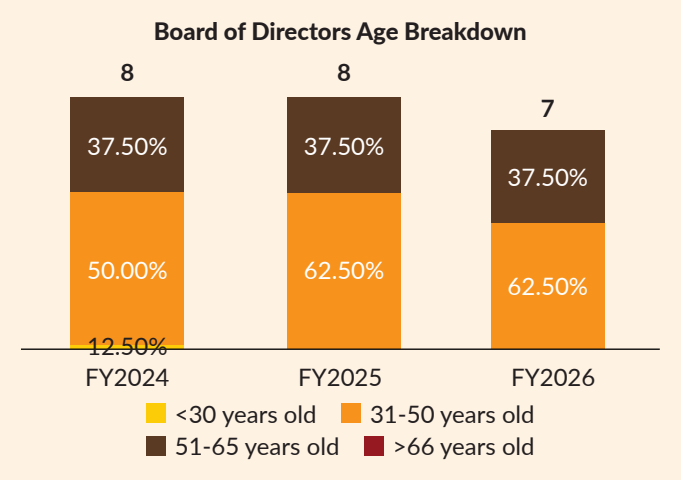
Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

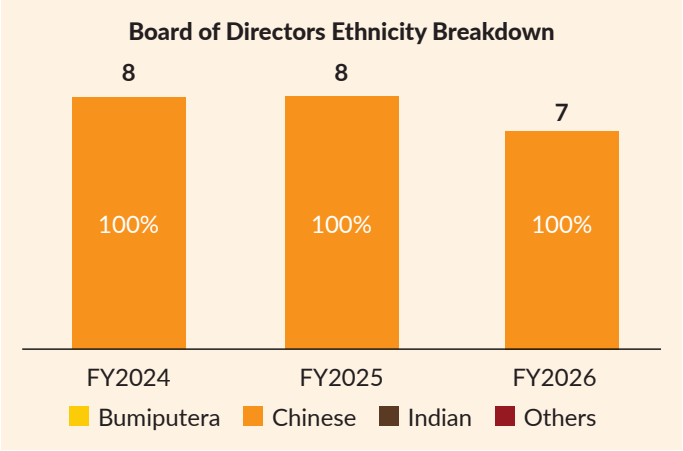


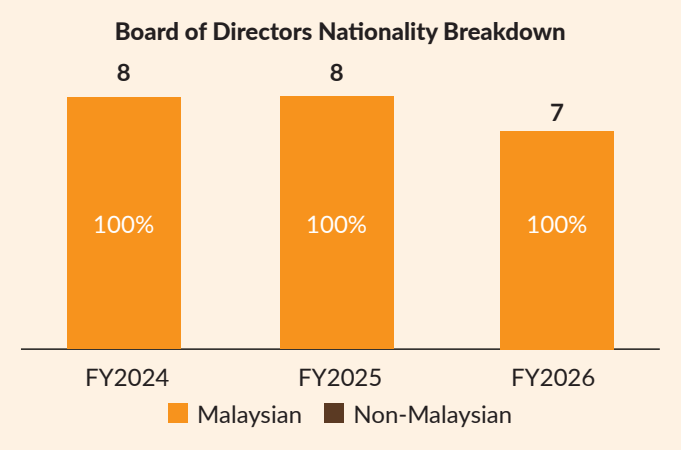












Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Promoting Gender Equality in The Workplace

Recognising the historically male-dominated nature of the industry, SKRB places particular emphasis on promoting gender equality across its operations. The Group seeks to address gender pay disparities and support women's progression into leadership roles by providing equitable access to benefits, development opportunities, resources and decision-making. These efforts aim to foster a fair and inclusive workplace where employees can progress based on their capabilities and performance, regardless of gender.

Gender Pay Data	FY2024	FY2025	FY2026
Average salary difference between women to men (RM)	1,648.43	1,436.32	1,187.73
Ratio of basic salary and remuneration of women to men for key employee categories - Managerial staff	(0.56)	(0.48)	(0.51)
Ratio of basic salary and remuneration of women to men for key employee categories - Executive staff	(0.05)	(0.01)	(0.16)
Ratio of basic salary and remuneration of women to men for key employee categories - Non-executive staff	0.24	0.21	0.38

Recognising the importance of work–life balance, SKRB is committed to supporting employees with parental responsibilities. Its inclusive parental leave provisions provide benefits for 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 measures demonstrate the Group's commitment to fostering an inclusive workplace that supports employees of all genders in balancing their professional and personal responsibilities, thereby promoting a fairer and more productive working environment.

The table below presents SKRB's parental leave utilisation over the past three years.

Parental Leave Data	FY2024		FY2025		FY2026	
	Male	Female	Male	Female	Male	Female
No. of Employees Utilising Parental Leave	1	1	1	1	0	0
Return to Work Rates (return to work after parental leave period)	100%	100%	100%	100%	0%	0%
Retention Rates (remain with the organisation for 12 months or more post parental leave)	100%	100%	100%	100%	0%	0%

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Upholding Sound Labour Practices

Guided by the United Nations Guiding Principles on Business and Human Rights ("UNGPs"), SKRB is committed to fostering a workplace built on fairness, inclusivity and respect for human dignity. The Group values diversity and is dedicated to protecting the fundamental human rights of all employees. Its labour and human rights commitments are underpinned 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 well-being.



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

Protecting human rights throughout SKRB's operations and supply chain is a firm commitment of the Group. This responsibility is overseen by the Board through its ESG governance framework, while day-to-day implementation is managed by the dedicated Procurement and Human Resources 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 labour and human rights risks and remains committed to addressing any potential exploitation throughout its supply chain. In FY2026, the Group maintained its strong record, with no reported violations involving labour standards, human rights abuses, child labour or human trafficking.

Grievance Mechanism

SKRB reinforces its commitment to accountability, transparency and ethical conduct through secure and confidential reporting channels. Employees and stakeholders may raise grievances, report misconduct or voice concerns, including matters involving human rights, harassment and policy breaches, without fear of retaliation. Reports may be submitted to an immediate manager, HR representatives or through the Group's dedicated whistleblowing platform, which is available to both internal and external stakeholders.

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.

COMMUNITY DEVELOPMENT

SKRB is committed to being a responsible corporate citizen and creating a meaningful, positive impact in the communities where it operates. To guide its community investment efforts, the Group has identified two key focus areas: Supporting Vulnerable and Marginalised Communities and Supporting Environmental Stewardship. The first focuses on assisting people in need, including those experiencing poverty or homelessness, children, older persons, people with disabilities and refugees. The second focuses on environmental protection through initiatives such as biodiversity conservation, climate action, waste reduction and improving access to clean water.

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

In supporting children's rights and well-being beyond the prevention of child labour, SKRB refers to the Children's Rights and Business Principles developed by the United Nations Children's Fund ("UNICEF") and complies with applicable labour requirements, including the Children and Young Persons (Employment) Act 1966. Within its operations, outpatient medical treatment for staff, children and spouses, and lactation rooms for nursing mothers support employees with family and caregiving responsibilities. Beyond its operations, the Group supports children's rights to education through community investment programmes, including its contribution to S.J.K. (C) Chung Hwa 1A in FY2026, which aims to enhance learning opportunities and educational development. In FY2026, the Group continued its community engagement efforts through initiatives including support for MFA, Huluran Ikhlas and Jalinan Kasih Bersama Masyarakat Orang Asli and local religious societies. These initiatives reflect SKRB's commitment to supporting children's rights and well-being within both the workplace and the communities in which it operates.

<table>
<tr><th colspan="2">Community Outreach Programmes</th></tr>
<tr><td>Local Religious Societies
– Supports religious and community development activities.

Contribution (RM): 9,500
Volunteering Hours: 24
Number of Beneficiaries: -</td><td>January 2026

Muar Furniture Association
– Supports local furniture industry advancement and trade association growth.

Contribution (RM): 2,200
Volunteering Hours: 6
Number of Beneficiaries: -</td></tr>
<tr><td>February 2026

Huluran Ikhlas, Jalinan Kasih Bersama Masyarakat Orang Asli
– Supports the well-being and quality of life of the Orang Asli community in Kelantan.

Contribution (RM): 3,450.70
Volunteering Hours: 40
Number of Beneficiaries: 80 families

</td><td>March 2026

Supporting S.J.K. (C) Chung Hwa 1A
– Supports students' education and school development activities.

Contribution (RM): 1,500
Volunteering Hours: 2
Number of Beneficiaries: 15

</td></tr>
</table>

Note: *Beneficiary numbers are disclosed where quantifiable. "–" indicates that the number of beneficiaries could not be reliably quantified.*

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

Community Development Performance Data	FY2024	FY2025	FY2026
Total amount invested where the target beneficiaries are external to SKRB (RM)	11,754.00	22,511.00	16,650.70
Total time spent by employees on community impact programmes and volunteering (Hours)	38	62	72
Total number of beneficiaries of the investment in communities*	2,145	7	15

Note:
* *Only quantifiable individual beneficiary numbers are included.*

Employee engagement is a central element of SKRB's social responsibility strategy. In FY2026, employees demonstrated a strong commitment to giving back by collectively contributing 72 hours to various community impact programmes. These efforts helped strengthen relationships with local communities while enhancing SKRB's brand visibility and reputation.

Looking ahead, SKRB remains committed to identifying innovative ways to strengthen its community engagement and make a meaningful difference in the lives of those around it.



Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Ethical Business Conduct; Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Directors	%	100	100	Maintain 100% annually	External (Limited)
Ethical Business Conduct; Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Managerial Staff	%	100	100	Maintain 100% annually	External (Limited)
Ethical Business Conduct; Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Executive Staff	%	100	100	Maintain 100% annually	External (Limited)
Ethical Business Conduct; Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Operational Staff	%	100	100	Maintain 100% annually	External (Limited)
Ethical Business Conduct; Anti-corruption	Percentage of operations assessed for corruption--related risks	%	0%	100%	-	No assurance
Ethical Business Conduct; Anti-corruption	Confirmed incidents of corruption	Number	0	0	Zero confirmed incidents of corruption per annum	External (Limited)
Ethical Business Conduct	Proportion of spending on local suppliers	%	99.60	99.69	-	No assurance
Regulatory Compliance	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Climate Change	Total Scope 1 emissions	tCO2e	529.82	457.54	2% reduction in emissions intensity over sales against FY2025 baseline	External (Limited)
Climate Change	Total Scope 2 emissions	tCO2e	2,470.21	2,802.62	2% reduction in emissions intensity over sales against FY2025 baseline	External (Limited)
Climate Change	Total Scope 3 emissions	tCO2e	314.20	256.84	-	No assurance
Climate Change	Scope 3 emissions – Waste Generated in Operations	tCO2e	84.10	44.82	-	No assurance
Climate Change	Scope 3 emissions – Employee Commuting	tCO2e	199.53	143.82	-	No assurance
Climate Change	Scope 3 emissions – Business Travel	tCO2e	30.57	68.21	-	No assurance
Energy Consumption	Total Energy Consumption	GJ; MWh	27,143.79 GJ; 7,539.94 MWh	* 27,588.81 GJ; 7,663.57 MWh	24% RE Adoption in Group Operations by FY2026; 40% RE by FY2030	External (Limited)
Footnote 2026	Restated to reflect accurate information.					
Water Consumption	Total volume of water used	m3	27,422	23,527	-	No assurance
Waste Management and Recycling	Total waste generated	Tonnes	18,071.74	9,630.23	-	No assurance
Waste Management and Recycling	Total waste diverted from disposal	Tonnes	17,180.27	9,476.25	100% waste diverted from disposal per annum	External (Limited)
Waste Management and Recycling	Total waste directed to disposal	Tonnes	891.47	153.98	-	No assurance
Occupational Safety and Health	Percentage of employees that are contractors or temporary staff	%	0.00	0.00	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Male	%	63.64	70	At least 30% women representation among Managerial and Executive staff annually	External (Limited)
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Female	%	36.36	30	At least 30% women representation among Managerial and Executive staff annually	External (Limited)
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Aged <30	%	0.00	0.00	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Aged 31-50	%	50.00	38.89	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Aged 51-65	%	45.45	55.56	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Managerial staff Aged >66	%	4.55	5.56	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Male	%	25.81	28.57	At least 30% women representation among Managerial and Executive staff annually	External (Limited)
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Female	%	74.19	71.43	At least 30% women representation among Managerial and Executive staff annually	External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Aged <30	%	22.58	32.14	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Aged 31-50	%	67.74	57.14	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Aged 51-65	%	9.68	10.71	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Executive staff Aged >66	%	0.00	0.00	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Male	%	95.99	94.67	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Female	%	4.01	5.33	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Aged <30	%	48.48	41.33	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Aged 31-50	%	48.07	53.71	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Aged 51-65	%	3.04	4.57	-	No assurance
Talent Management	Percentage of employees by gender and age group, for each employee category – Operational staff Aged >66	%	0.41	0.38	-	No assurance
Talent Management	Percentage of directors by gender and age group – Male	%	62.50	71.43	At least 30% women representation on the Board annually	No assurance
Talent Management	Percentage of directors by gender and age group – Female	%	37.50	28.57	At least 30% women representation on the Board annually	No assurance
Talent Management	Percentage of directors by gender and age group – Aged <30	%	0.00	0.00	-	No assurance
Talent Management	Percentage of directors by gender and age group – Aged 31-50	%	62.50	57.14	-	No assurance
Talent Management	Percentage of directors by gender and age group – Aged 51-65	%	37.50	42.86	-	No assurance
Talent Management	Percentage of directors by gender and age group – Aged >66	%	0.00	0.00	-	No assurance
Talent Management	Total hours of training by employee category – Managerial staff	Hour	725.50	126	-	No assurance
Talent Management	Total hours of training by employee category – Executive staff	Hour	661	253	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Talent Management	Total hours of training by employee category – Operational staff	Hour	615	502	-	No assurance
Talent Management	Total number of employee turnover by employee category – Managerial staff	Number	2	2	-	No assurance
Talent Management	Total number of employee turnover by employee category – Executive staff	Number	9	6	-	No assurance
Talent Management	Total number of employee turnover by employee category – Operational staff	Number	208	277	-	No assurance
Talent Management	Number of substantiated complaints concerning human rights violations	Number	0	0	Zero substantiated cases of human rights violation (including child labour and forced labour) per annum	External (Limited)
Community Development	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	22,511.00	16,650.70	At least RM12,000 in monetary contribution to NGOs, charities and local communities in FY2026	External (Limited)
Community Development	Total number of beneficiaries of the investment in communities	Number	7	15	-	No assurance

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

IFRS S1, IFRS S2 & TCFD INDEX

IFRS & TCFD Disclosures	IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
GOVERNANCE		
a) Board Oversight b) Management's Role	All sustainability and ESG matters, including climate-related risks and opportunities, are directly overseen by the Board through the Risk Management and Sustainability Committee ("RMSC"). The RMSC, chaired by an Independent Non-Executive Director and comprising another Independent Non-Executive Director and an Executive Director, meet at least four times yearly 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 effort 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 of 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 falls under the purview of the Internal ESG Committee, with oversight from the RMSC. For further details, refer to the Sustainability Governance Structure on page 18, and the Board and Management Responsibility on ESG & Climate Change on page 19 of AR2026.	

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

IFRS & TCFD Disclosures	IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
STRATEGY		
a) Risks and Opportunities b) Impact on Business Model and Value Chain c) Strategy and Decision-making d) Financial Position e) Resilience of Strategy	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 35-37 of AR2026. 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 Renewable Energy adoption, cost of fines from regulatory non-compliance, as well as cost of water-related impacts, to provide added insights to aid the Board and Management's decision making on the Group's business plan and strategies. The Group's ESG management approach appears to remain effective in insulating SKRB against ESG-related risks, having incurred zero fines on environmental and social non-compliance in FY2026. Additional data points related to the Group's Regulatory Compliance performance can be found on page 20.	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 committed to undertaking a climate risk assessment in FY2027, aligned with the requirements of IFRS S2, and is exploring the feasibility of scenario analysis 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 its carbon footprint and potentially derive long-term savings from its reduced dependency on purchased electricity. Tracking of the Group's Scope 3 emissions from business travel and employee commuting dimensions has also been initiated in FY2024, and the Group expanded its Scope 3 reporting in FY2026 to include waste generated in operations. Please see Climate Change and Energy Consumption on pages 44-48 of AR2026 for more information.
RISK MANAGEMENT		
a) Risk ID and Assessment Processes b) Risk Management Processes c) Integration into Overall Risk Management	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 three to five 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 committed to conducting a climate risk assessment in FY2027 and is exploring the feasibility of scenario analysis in collaboration with its appointed ESG consultant. Further details on the Group's Stakeholder & Materiality processes can be found on pages 20-24, with the Group's overall risk management framework outlined in the Statement on Risk Management and Internal Control on page 105 of AR2026. The Anticipated or Known Risks identified by the Group are detailed in the Management Discussion & Analysis section of AR2026 on page 12.	

Sustainability Statement including Bursa CSI Prescribed Table (cont'd)

IFRS & TCFD Disclosures	IFRS S1 Location/Explanation	IFRS S2 & TCFD Location/Explanation
METRICS & TARGETS		
a) Metrics Used b) Performance Data c) Targets Set	The Key Performance Indicators ("KPI"s) tracked for each material ESG matter, including climate-related metrics, are disclosed in the Sustainability Scorecard on pages 26-28. 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 29-61. 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 70. 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 62-67.	

SASB DISCLOSURE

Code	Description	Disclosure/Performance/Location
BUILDING PRODUCTS & FURNISHINGS		
Energy Management in Manufacturing		
CG-BF-130a.1	Total energy consumed (GJ)	27,588.81
	Percentage of grid electricity consumed (%)	85
	Percentage of renewable energy consumed (%)	15
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 pages 43-44
	Weight of end-of-life material recovered (tonnes)	Please refer to Resource Stewardship on pages 43-44
Wood Supply Chain Management		
CG-BF-430a.1	Total weight of wood fibre materials purchased (tonnes)	25,450
	Percentage of wood fibre materials sourced from third-party certified forestlands (%)	Please refer to Resource Stewardship on pages 43-44
	Percentage of wood fibre materials sourced from third-party certified forestlands by standard (%)	Please refer to Resource Stewardship on pages 43-44
	Percentage of wood fibre certified to wood fibre standards (%)	Please refer to Resource Stewardship on pages 43-44
	Percentage of wood fibre certified to wood fibre standards by standards (%)	Please refer to Resource Stewardship on pages 43-44
Activity Metrics		
CG-BF-000.B	Area of manufacturing facilities (sq ft)	466,992

Assurance Statement

VAERSA

6th October 2026

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

INDEPENDENT LIMITED ASSURANCE STATEMENT ON SUBJECT MATTER INFORMATION IN SERN KOU RESOURCES BERHAD'S SUSTAINABILITY STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026 ("SS2026")

To the Risk Management and Sustainability Committee 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 SS2026.

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 SS2026 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 SS2026 has been subjected to independent assurance in accordance with recognised assurance standards for selected indicators and has been approved by the Company's Risk Management and Sustainability Committee.

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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:

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance	Product Safety and Quality	Product recall rate	Zero incidents per annum.	No product recall incidents were recorded during FYE2026.	Achieved and verified.
		Product defect rate	Less than 10 defect incidents per annum	One product defect incident was recorded during FYE2026, within the target of fewer than 10 incidents per annum.	Achieved and verified.
	Product / Brand Appeal	Customer Satisfaction Levels	4 out of 4 per annum	The Group recorded a customer satisfaction score of 3.75 out of 4.0 for FYE2026, compared with the annual target of 4.0.	Partially achieved and verified.
		Customer Complaint Response Rate	100% of customer complaints received and responded to within two working days per annum	One customer complaint was received during FYE2026 and was resolved within three working days, compared with the target response period of two working days.	Not achieved; performance verified.
	ISO9001:2015 Certification	Annual Compliance	Maintain compliance annually	ISO 9001:2015 compliance was maintained during FYE2026, as verified through the audit conducted in May 2026.	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)	Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO2e/RM'mil)	2% reduction in FYE2026 against FYE2025's baseline	In FYE2026, the Group recorded Scope 1 emissions of 457.54 tCO_2e from the consumption of 169,478 litres of diesel. Absolute Scope 1 emissions decreased by 13.64% compared with FYE2025, while Scope 1 emissions intensity over sales decreased by 6.25% against the FYE2025 baseline, exceeding the targeted 2% reduction.	Achieved and verified.
		Scope 2 Emissions Intensity over Sales (tCO2e/RM'mil)	2% reduction in FYE2026 against FYE2025's baseline	In FYE2026, the Group recorded Scope 2 emissions of 2,802.62 tCO_2e from the consumption of 5,086,428 kWh of grid electricity. Absolute Scope 2 emissions increased by 13.46% compared with FYE2025, while Scope 2 emissions intensity over sales increased by 22.94%.	Not achieved; performance verified.
		Total Scope 1 & 2 Carbon Emissions Intensity over Sales (tCO2e/RM'mil)	5% reduction in FYE2026 against FYE2025's baseline	In FYE2026, the Group recorded combined Scope 1 and Scope 2 emissions of 3,260.16 tCO_2e. The Group's combined Scope 1	Not achieved; performance verified.

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)				and Scope 2 emissions intensity over sales increased by 17.64% compared with the FYE2025 baseline.	
	Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	2 out of 7 business units adopt solar power by FYE2026	Two out of seven business units utilised solar-generated energy during FYE2026, meeting the FYE2026 target.	Achieved and verified.
		Progressive Adoption of Renewable Energy ("RE")	24% RE Adoption for electricity in Group Operations by FYE2026; 40% RE by FY2030	Renewable energy accounted for 15% of the Group's electricity consumption in FYE2026, compared with the FYE2026 target of 24%.	Partially achieved; performance verified.
	Water Consumption	Water Consumption Intensity over Total Operational Area (m^3/sq ft)	Target under reassessment due to revised calculation methodology	In FYE2026, the Group recorded water consumption intensity of 0.05 m^3/sq ft, compared with 0.059 m^3/sq ft in FYE2025, representing a 15.25% year-on-year reduction. The FYE2026 intensity was calculated based on total water consumption of 23,527 m^3 and total operational area of 466,992 sq ft.	Performance verified. Target achievement was not assessed as the target is under reassessment following the revised calculation methodology.

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)	Water Consumption	Effluent discharge and water pollution non-compliance	Zero incidents per annum	No incidents of non-compliance relating to effluent discharge and water pollution were recorded during FYE2026.	Achieved and verified.
			Zero fines per annum	No fines relating to effluent discharge and water pollution were recorded during FYE2026.	Achieved and verified.
	Waste Management and Recycling	Recycled / Repurposed Waste	100% waste diverted from disposal per annum	In FYE2026, 9,476.25 tonnes of waste, representing 98.4% of total waste generated, were diverted from disposal, compared with the annual target of 100%.	Not achieved; performance 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	No incidents of legal non-compliance relating to environmental pollution that resulted in fines or non-monetary actions by the authorities were recorded during FYE2026.	Achieved and verified.
		Major and minor spills and air pollution incidents	Zero incidents per annum	No major or minor spills or air pollution incidents were recorded during FYE2026.	Achieved and verified.
		Substantiated complaints related to environmental pollution from neighbouring communities	Zero complaints per annum	No substantiated complaints relating to environmental pollution from neighbouring communities were recorded during FYE2026.	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)	Environmental and Social Compliance	Substantiated cases of human rights violation (including child labour and forced labour)	Zero cases per annum	No substantiated cases of human rights violations, including child labour and forced labour, were recorded during FYE2026.	Achieved and verified.
	Occupational Health and Safety	Number of Fatalities	Zero fatalities per annum	No fatalities were recorded during FYE2026.	Achieved and verified.
		Number of Lost Time Injury ("LTI") Incidents	Less than five LTI incidents in FYE2026	Three LTI incidents were recorded during FYE2026, within the target of fewer than five incidents.	Achieved and verified.
	Talent Management	Employee Training Hours	At least 25 training hours per employee on average annually	An average of 20 training hours per employee was recorded during FYE2026, compared with the annual target of at least 25 hours per employee.	Not achieved; performance verified.
		Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	In FYE2026, women represented 30% of managerial staff and 71.43% of executive staff, meeting the annual target of at least 30% representation.	Achieved and verified.
	Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM12,000 in FYE2026	The Group contributed RM16,650.70 to NGOs, charities and local communities during FYE2026, exceeding the FYE2026 target of RM12,000.	Achieved and verified.
		Employee Volunteerism	72 hours of volunteering hours in FYE2026	A total of 72 employee volunteering hours was recorded during	Achieved and verified.

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)				FYE2026, compared with the FYE2026 target of 72 hours.	
	Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	No confirmed incidents of corruption were recorded during FYE2026.	Achieved and verified.
		Employee Acknowledgement of Anti-Bribery & Anti-Corruption Policy	Maintain 100% annually	100% employee acknowledgement of the Anti-Bribery and Anti-Corruption ("ABAC") Policy was maintained during FYE2026.	Achieved and verified.
		Vendor Acknowledgement of ABAC Policy	70% by FYE2026	A total of 150 out of 191 vendors, representing 78.5%, acknowledged compliance with the ABAC Policy during FYE2026, exceeding the FYE2026 target of 70%.	Achieved and verified.
	Financial and ESG Risk Management	Risk Assessment and Review Conducted at the Group Level	Annual compliance	The Group-level risk assessment and review for FYE2026 was conducted in February 2026, in line with the annual compliance requirement.	Achieved and verified.
	Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	No incidents of non-compliance with applicable laws, legislation, regulations and policies were recorded during FYE2026.	Achieved and verified.

Assurance Statement (cont'd)

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Highlights:

In conclusion, based on the procedures performed and evidence gathered, we provide limited assurance that the data and disclosures related to environmental, social, and governance performance in the report are fairly stated and in accordance with the applicable reporting standards. While overall progress is aligned with stated objectives, there are opportunities for improvement in data accuracy and consistency across certain metrics.

***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) SS2026 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

Management's Responsibility

The management of SKRB is responsible for the preparation of the Subject Matter Information included in SKRB's SS2026 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 SS2026 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.

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Assurance Statement (cont'd)

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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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(1272384-X)

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47301 Petaling Jaya, Selangor.

03-7886 4304
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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)

VAERSA

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 Risk Management and Sustainability Committee 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 SS2026 and should not be used or relied upon for any other purposes.

We consent to the inclusion of this report in the SKRB's SS2026 to be disclosed on the website of SKRB at https://www.sernkou.com/sernkougroup/annual-report/ to assist the Risk Management and Sustainability Committee of SKRB 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 SS2026. 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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Corporate Governance Overview Statement

The Board of Directors ("Board") of SKRB recognises the importance of maintaining a high standard of corporate governance throughout the Company and its subsidiaries ("Group") to ensure that the Group's businesses and affairs are managed effectively and responsibly, in the best interests of its shareholders and other stakeholders.

The Board remains committed to upholding sound corporate governance practices by embracing the principles and best practices set out in the MCCG 2021 and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Through these practices, the Board strives to promote accountability, transparency, integrity and long-term sustainable value creation.

The Board is pleased to present this Corporate Governance Overview Statement, which outlines the Group's application of the following principles under MCCG 2021 during the financial year ended 30 June 2026:-

A. Board leadership and effectiveness;
B. Effective audit and risk management; and
C. Integrity in corporate reporting and meaningful relationships with stakeholders

This statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities and should be read together with the Company's Corporate Governance Report 2026, which is available on the Company's website at www.sernkou.com and Bursa Securities' website at www.bursamalaysia.com.

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 importance 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 interest 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 striving to achieve better performance towards the goal of 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.

Corporate Governance Overview Statement (cont'd)

The Board Committees consist of the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and RMSC, to oversee the risk management and sustainability management of the Group. The powers delegated to the respective Board Committees are set out in the Terms of Reference of each of the committees which are available on the Company's website. Further, the Company has also set up internal management committees to oversee risk and sustainability management of the Group.

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 board accountability by providing their independent views, expertise, advice and judgment 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 ABAC Policy to be in line with the Companies Act 2016 ("Act"), MCCG and revisions to the 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 Director, 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.

Corporate Governance Overview Statement (cont'd)

1.5 Qualified and Competent Secretaries

The Board of Directors is assisted by two (2) qualified and competent Company Secretaries. The Company Secretaries are responsible for advising the Board on regulatory and governance matters, as well as on the directives issued by Bursa Securities from time to time.

All Directors have access to the advice and services of suitably qualified Company Secretaries.

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 Companies Act 2016 ("the Act"), MMLR and the MCCG 2021 and other relevant rules and regulations.

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 on-going basis to enable them to make informed decisions.

1.6 Access to Information and Advice

The Board is supported by timely access to complete and accurate information to facilitate effective oversight and decision-making. The Directors have unrestricted access to the Group's information and may seek further clarification, information or updates from Management on matters under their respective purview. The Directors may also interact directly with Management to obtain deeper understanding of the Group's operation and business affairs.

The Board has access to advice and services of the Company Secretaries, on matters relating but not limited to Board meeting procedures and applicable laws, regulations and MMLR. Where necessary, the Board may obtain independent professional advice at the Company's expense to assist in the furtherance of its duties and responsibilities.

To enable effective deliberation, the Directors are provided with meeting agendas and comprehensive Board papers at least seven (7) days prior to Board meetings. The Board papers contain relevant reports, proposals, presentations, or other pertinent information to facilitate the Board's decision-making.

Senior management and/or external advisors may be invited to attend Board meetings, to provide professional advice, explanations and clarifications on matters under consideration.

The schedule of Board and Board Committee meetings is established in advance at the beginning of each financial year. This facilitates effective planning and ensures the timely preparation and circulation of information required for Board deliberations. The Board has also adopted a schedule of matters reserved for its decision to ensure appropriate oversight of significant matters affecting the Group.

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.

Corporate Governance Overview Statement (cont'd)

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 to 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.

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 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 reviewed and adopted the revised ABAC Policy on 22 May 2026.

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.

Corporate Governance Overview Statement (cont'd)

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, 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 to 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 report and findings respectively to the RMSC.

The formation of the RMSC permits a more comprehensive assessment of risks emerging from material EESG 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 Director and Senior Management, and the Head of Department and Head of Division, to drive and implement sustainability strategies.

The Group has also grouped its sustainability matters under four (4) main pillars, namely EESG.

4.2 Delivery of the Sustainability Consideration to Stakeholders

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 believes effective communication maintained mutually beneficial relationships with the stakeholders.

The Company has engaged an external sustainability consultant, namely Joshua Rayan Integrated and Sustainability Reporting Specialists Sdn. Bhd. ("JRC"), 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 is also engaged to assist the Company to prepare the sustainability statement for the financial year ended 30 June 2026.

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 meets 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 2026 to the stakeholders, which provide further insight of the Group's efforts and commitment towards the sustainability issues surrounding the business operation.

Corporate Governance Overview Statement (cont'd)

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 and review on group level on annual basis.

The Board had identified and highlighted several of the risk factors that are associated with the business such as the rules and regulations, financial and ESG Risks Management, tax tariffs, 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 Board reviews 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 consideration the ability in addressing the Company's material sustainability risks and opportunities.

PART II – BOARD COMPOSITION

5. Strengthen Board's Objectivity

5.1 Board Composition Evaluation

The Board currently consists of seven (7) members, four (4) INEDs, two (2) Executive Directors and one (1) Non-INED. The Directors' profiles are disclosed in the Annual Report 2026.

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 more than half of the Board members and complied with Practice 5.2 of the MCCG.

The Board is helmed by an experienced Board comprising members of high calibre and integrity, and provides 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 Directors

Independence is important for ensuring objectivity and fairness in the 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.

Corporate Governance Overview Statement (cont'd)

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.

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, is retained 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 adheres 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 Onn Kien Hoe and Ms Teh Su-Ching will retire by rotation in accordance with Clause 97 of the Constitution of the Company. Mr Onn Kien Hoe, being eligible, has offered himself for re-election as Director of the Company. Ms Teh Su-Ching has indicated her intention not to seek re-election at the 26th AGM and will therefore cease to hold office upon the conclusion of the 26th AGM.

Corporate Governance Overview Statement (cont'd)

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

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 suitable qualified candidates, which complies with Practice 5.6 of the MCCG.

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 Non-Executive Directors and a majority of independent directors, as follows: -

Name	Designation	Directorship
Mr Chua Oou Chuan	Chairman	INED
Mr Loo Eng Hua	Member	Non-INED
Ms Seow Jing Hui	Member	INED

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 the 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;

Corporate Governance Overview Statement (cont'd)

- Reviewed and assessed the independence of the INEDs;
- 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 ED;
- 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 MCCG to have at least 30% of female directors.

As at the date of this Annual Report, female directors comprise less than 30% of the Board composition and, accordingly, the Company has not achieved the MCCG recommendation of having at least 30% female representation on the Board. Nevertheless, the Board remains committed to promoting diversity and will continue to take gender diversity into consideration when evaluating future Board appointments, while ensuring that appointments are made based on merit, skills, experience and the needs of the Company.

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-diverse 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 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 skill 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.

Corporate Governance Overview Statement (cont'd)

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that each Director 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 2026 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	5/5	–	–	–	1/1
Onn Kien Hoe	5/5	–	–	–	1/1
Loo Eng Hua	5/5	–	1/1	–	1/1
Lee Shen Wang	5/5	–	–	5/5	1/1
Siah Chew Peng *(Note: Resigned on 31 December 2025)*	3/3	–	–	–	1/1
Teh Su-Ching	5/5	5/5	–	5/5	1/1
Chua Oou Chuan	5/5	5/5	1/1	5/5	1/1
Seow Jing Hui	5/5	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 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 2026, 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: -

Corporate Governance Overview Statement (cont'd)

Name of Director	Course Attended	Date
Onn Kien Hoe	Case Study-Based MFRS Webinar: MFRS Updates You Need to Know	14 August 2025
	MIA Webinar Series : Understanding of ISQM 1 and 2 - A detailed development and implementation of a System of Quality Management (SOQM)	8 - 9 September 2025
	Case Study-Based MFRS Webinar: A Practical Guide to Accounting for Financial Instruments in Accordance with IFRS9/MFRS9	12 September 2025
	MICPA Webinar : Getting Ready for National Sustainability Reporting Framework – Compliance of IFRS S1 & S2 Standards	18 September 2025
	Integrity Insights for Directors: Tackling CBT, Conflict of Interest, RPT & Corruption	9 October 2025
	Case Study-Based MFRS Webinar: Red Flags in IFRS Reporting: Strengthening Professional Judgement with AI	20 November 2025
Low Peng Sian @ Chua Peng Sian	Mastering IFRS S1 & S2: Compliance Meets Strategy	18 December 2025
Loo Eng Hua	2026 Budget Seminar for Corporate Accountant	16 October 2025
	Chapter 10 Series: Computation of Percentage Ratios	26 November 2025
	Tax Compliance, Tax Knowledge and Tax Complexity	16 December 2025
Lee Shen Wang	Mastering IFRS S1 & S2: Compliance Meets Strategy	18 December 2025
Teh Su-Ching	ASEAN Sustainable Urbanisation Forum (ASUF)	10 - 15 August 2025
	5 Simple Ways to Boost Profits Without More Overheads by Equities Trackers	15 August 2025
	Stamp Duty Developments and Risks	22 August 2025
	MPC GHG Management Certificate of Practice (COP) by University Technology Sarawak (UTS)	8 - 10 September 2025
	Getting Ready for IPO	23 September 2025
	Decode Your Leadership DNA: Discover the Balance That Fuels Growth	26 September 2025
	Digital Economy and AI and What Does it Mean for Companies Moving Forward	1 December 2025
	ESG Outlook 2026, Key Trends and Lessons from 2025	18 December 2025
	Mastering IFRS S1 and S2: Compliance Meets Strategy	18 December 2025
	Bursa Malaysia Engagement Session with Chief Financial Official of Group 2 companies by the Advisory Committee on Sustainability Reporting (ACSR)	8 January 2026
	Learn the Power of Branding & Never Be Invisible in a Noisy Marketplace	6 February 2026
	Exhibitions, Conferences, Seminars and Workshops at ASIAWATER Kuala Lumpur	7 - 9 April 2026
	ACCA's Sustainability Conference 2026	22 April 2026
	Financial Consumer Protection Systems & Overview of PIDM's Role	30 April 2026
	ACCA Learning - Non-Executive Director (NED) Series - Pro-Bono Non-Executive Roles Explained: Starting a NEW career with a Voluntary Board Role	7 May 2026
	ACCA Learning - Non-Executive Director (NED) Series - From Pro-Bono Paid NED Roles: Turning Voluntary Board Experience into an Attractive NED Proposition	28 May 2026
Seow Jing Hui	Mastering IFRS S1 & S2: Compliance Meets Strategy	18 December 2025
Chua Oou Chuan	Introduction to New Disclosure Requirements for Shariah Screening	3 December 2025
	Mastering IFRS S1 & S2: Compliance Meets Strategy	18 December 2025
	From Governance to Value Creation: Board Leadership in the CMP4 Era	6 June 2026
	Delivered the opening keynote address at the School of Business and Economics (SBE) Global Finance & Resilience Summit (GFARS) 2026	12 June 2026

Corporate Governance Overview Statement (cont'd)

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 MCCG.

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 Director and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect his 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 MCCG.

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.

The remuneration of the Executive Directors should be set at a competitive level to recruit and retain high quality executive Director 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.

Corporate Governance Overview Statement (cont'd)

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

The remuneration package of the Executive Director 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 2026 are as follows:

i. Breakdown of Directors' Remuneration (Company)

	Director Fees (RM)	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	–	–	–	–	2,812	2,812
Lee Shen Wang	7,200	–	–	–	2,812	10,012
Siah Chew Peng *(Note: Resigned on 31 December 2025)*	–	126,000	15,816	–	2,812	144,628
TOTAL	**7,200**	**126,000**	**15,816**	**–**	**8,436**	**157,452**

	Director Fees (RM)	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	–	–	–	2,813	115,813
Loo Eng Hua	345,700	–	–	–	2,813	348,513
Teh Su-Ching	81,700	–	–	–	2,813	84,513
Seow Jing Hui	76,900	–	–	–	2,813	79,713
Chua Oou Chuan	93,700	–	–	–	2,813	96,513
TOTAL	**711,000**	**–**	**–**	**–**	**14,065**	**725,065**

* 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)	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	–	1,440,000	176,979	56,000	2,812	1,675,791
Lee Shen Wang	7,200	480,000	58,993	13,325	2,812	562,330
Siah Chew Peng *(Note: Resigned on 31 December 2025)*	–	126,000	15,816	9,600	2,812	154,228
TOTAL	**7,200**	**2,046,000**	**251,788**	**78,925**	**8,436**	**2,392,349**

	Director Fees (RM)	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	–	–	–	2,813	115,813
Loo Eng Hua	345,700	–	–	10,525	2,813	359,038
Teh Su-Ching	81,700	–	–	–	2,813	84,513
Seow Jing Hui	76,900	–	–	–	2,813	79,713
Chua Oou Chuan	93,700	–	–	–	2,813	96,513
TOTAL	**711,000**	**–**	**–**	**10,525**	**14,065**	**735,590**

iii. Aggregate Directors' Remuneration

	Group		Company	
Categories of Remuneration	**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	2,046,000	–	126,000	–
EPF, SOCSO and EIS Contribution	251,788	–	15,816	–
Benefit-In-Kind*	78,925	10,525	–	–
Other Emoluments^	8,436	14,065	8,436	14,065

* 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 2026, in bands of RM50,000 is tabulated below:

Range of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Below RM50,000	–	–	2	–
50,001 – 100,000	1	3	–	3
100,001– 150,000	–	1	1	1
150,001 – 200,000	1	–	–	–
200,001 – 250,000	–	–	–	–
250,001 – 300,000	–	–	–	–
300,001 – 350,000	–	–	–	1
350,001 – 400,000	–	1	–	–
400,001 – 450,000	–	–	–	–
450,001 – 500,000	–	–	–	–
500,001 – 550,000	–	–	–	–
550,001 – 600,000	1	–	–	–
600,001 – 650,000	–	–	–	–
650,001 – 700,000	–	–	–	–
700,001 – 750,000	–	–	–	–
750,001 – 800,000	–	–	–	–
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 2026 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	–
RM100,001 to RM150,000	1
RM150,001 to RM200,000	–
RM200,001 to RM250,000	1

Corporate Governance Overview Statement (cont'd)

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 MCCG, 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 2026, 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 is as below:-

Name	Designation	Directorship
Ms Teh Su-Ching	Chairperson	INED
Mr Chua Oou Chuan	Member	INED
Ms Seow Jing Hui	Member	INED

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 is 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 MCCG. The said policy has been incorporated in the terms of reference of the AC, a copy which is available on the Company's website.

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 MCCG, 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.

Corporate Governance Overview Statement (cont'd)

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 15 October 2026 assessed the independence of BDO PLT as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by BDO PLT to the Company for the financial year ended 30 June 2026.

The AC was satisfied with 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 BDO PLT. Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 30 June 2026 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 BDO PLT as stated above, recommended the reappointment of 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 MCCG 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 MCCG, 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.

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.

Corporate Governance Overview Statement (cont'd)

10. Governance, Risk Management and Internal Control Framework

Pursuant to Practices 11.1 and 11.2 of the MCCG, the Board has outsourced the IA function for the financial year ended 30 June 2026 to an independent assurance provider, namely 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 Accountant and an associate member of the Institute of Internal Auditors Malaysia, and his team are free from any relationships or conflict of interest with the Company, to ensure the 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 2026 Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 30 June 2026.

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 MCCG, 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.

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, Diversity Policy for The Board of Directors and Senior Management, Corporate Disclosure Policy, Directors' Code of Conduct, ABAC 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.

Corporate Governance Overview Statement (cont'd)

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 to leverage 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 has 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 MCCG.

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 MCCG.

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 25th 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 25th AGM.

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

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board is satisfied that, to the best of its knowledge, the Company has complied with the principles and practices of the MCCG throughout the financial year ended 30 June 2026, except for otherwise indicated in the Corporate Governance Report.

This Statement was approved by the Board on 16 October 2026.

Audit Committee Report

The Board of Sern Kou is pleased to present the AC Report for the financial year ended 30 June 2026.

COMPOSITION OF THE AC

As at the date of this Annual Report, the AC comprises the following members:-

No.	Name of Directors	Designation
1.	Teh Su-Ching (Chairperson)	Independent Non-Executive Director
2.	Chua Oou Chuan (Member)	Independent Non-Executive Director
3.	Seow Jing Hui (Member)	Independent Non-Executive Director

The composition of the AC complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities which comprised three (3) members and all the committee members are Independent Non-Executive Directors.

The Chairperson of the AC, Ms Teh Su-Ching, 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").

The Board, through the NRC, reviewed the term of office and assessed the performance of the AC through an annual Board Committee evaluation. The Board is satisfied that the AC has discharged their function, duties and responsibilities in accordance with the Terms of Reference of the AC. The Terms of Reference are available on the Company's website at https://www.sernkou.com.

MEETINGS

During the financial year ended 30 June 2026, the AC held a total of five (5) meetings. The details of attendance by each member 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 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.

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 concern 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.

Audit Committee Report (cont'd)

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 2026, 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.

c) Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of the 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.

Audit Committee Report (cont'd)

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 related party transaction and the conflict of interest or potential conflict of interest declarations submitted by the relevant persons based on the Company's Conflict of Interest Policy and the Corporate Disclosure Policy, and was satisfied that the necessary disclosures had been made and properly documented.

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 Corporate Governance Overview Statement 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 engagement of BDO Tax Services Sdn. Bhd. for the transfer pricing documentation.
- Reviewed the engagement of BDO Corporate Services Sdn. Bhd. for the Extensible Business Reporting Language (XBRL) Services.
- Reviewed the proposed disposal of properties by Souncern Timber Sdn. Bhd., a wholly-owned subsidiary of the Company, and recommended the same to the Board for approval.
- Reviewed the acceptance of banking facility offered by CIMB Islamic Bank Berhad to Valued Products (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, and recommended the same to the Board for approval.
- Reviewed the Fuel Usage Analysis (July 2025 – March 2026) and Fuel Price Sensitivity Impact Assessment.
- Reviewed the revised ABAC Policy and recommended the same to the Board for approval.
- Reviewed the Gifts, Entertainment and Hospitality, Travel, Donations and Sponsorship Register for the financial year under review.

SUMMARY OF ACTIVITIES OF THE IA FUNCTIONS

The Group's IA 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.

Summary of works undertaken by the internal auditors comprised the following:

- 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.

Audit Committee Report (cont'd)

During the financial year ended 30 June 2026, the outsourced internal audit function conducted regular reviews of business processes in accordance with the IA plan approved by the AC as follows: -

i) Follow Up Audit

- SKFI, VPM and Souncern Timber Sdn. Bhd. ("ST") – Financial Management Review
- SKFI, VPM, ST, SKPW, SKB and SKSFD – Human Resources Management
- SKFI – Inventory Management Review

ii) SKFI – Sale and Cost Analysis, which covers the following:-

- Sales Management Standard Operating Procedures ("SOP");
- Current Sales Performance Analysis and Industry Positioning;
- Costing and Margin Analysis;
- Price-Cost Relationship and Pricing Governance; and
- Management Reporting and Performance Monitoring

iii) ABAC Risk Assessment Report – Anti Money Laundering ("AML") Review, which basically covers:-

- Policy Governance;
- Bribery & Corruption Risk Assessment;
- Gifts, Entertainment & Hospitality;
- Donations & Sponsorships;
- Facilitation Payments;
- Whistleblower & Reporting Mechanism;
- ABAC Training & Awareness; and
- Record Keeping

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 IA 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 RM28,000 for the internal audit function for the financial year ended 30 June 2026.

This report is made in accordance with the resolution of the Board dated 16 October 2026.

Statement on Risk Management & 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 2026. 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 for 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 2026 and are operating adequately and effectively, in all materials respects.

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 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 on-going 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 & Internal Control (cont'd)

IA FUNCTION

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the AC. In turn, the AC 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 AC, 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 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 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 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 Internal Auditors adopt a risk-based approach based on International Professional Practices Framework.

During the financial year ended 30 June 2026, IA was undertaken and the results on the audits were presented to the AC. The scope of work of the outsourced IA function was determined by the AC after careful consideration and discussion with the Board.

The cost incurred in outsourcing the IA function for the financial year ended 30 June 2026 was at RM28,000.

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 AC 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 AC and Management.

Statement on Risk Management & 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 2026. 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 Section 7 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 have no significant internal control failures, nor have any of the reported weakness 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 with its resolution dated 16 October 2026.

Additional Compliance Information

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

The Company did not undertake any fund-raising corporate exercises during the financial year ended 30 June 2026.

2. TOTAL AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the Company's External Auditors, BDO PLT, or a firm or corporation affiliated to the external auditors' firm by the Company and its subsidiaries for the financial year ended 30 June 2026 are as follows:-

Details of fees	Group (RM)	Company (RM)
Statutory Audit Fees	175,000	38,000
Non-Audit Fee	5,000	5,000
	180,000	43,000

3. MATERIAL CONTRACTS

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

4. RECURRENT RELATED PARTY TRANSACTION

There were no material recurrent related party transaction of a revenue or trading nature during the financial year ended 30 June 2026. The details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 28 of the Audited Financial Statements of the Company.

5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

(a) Group Total Income and Total Assets

	Group	
Remarks	2026 RM'000	2025 RM'000
Total Income		
Revenue	444,230	486,699
Other Income	2,224	1,718
Finance Income	134	135
Total	446,588	488,552
Total Assets	359,890	372,615

Additional Compliance Information (cont'd)

5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(b) Business Activities

Remarks	Group 2026 RM'000	Group 2025 RM'000
Shariah Non-Compliant Activities		
Finance Income	107	120
Insurance Income	122	1,856
Total	229	1,976

(c) Component of Financial Position

(i) Cash Component

Remarks	Group 2026 RM'000	Group 2025 RM'000
Islamic Account/Instruments		
Cash at Bank (exclude Cash in Hand)	1,862	1,056
Cash In Hand	28	97
Deposit with Licensed Bank	932	714
Total	2,822	1,867
Conventional Account/Instruments		
Cash at Bank (exclude Cash in Hand)	9,824	50,964
Cash In Hand	3,155	2,495
Deposit with Licensed Bank		
Total	12,979	53,459

(ii) Debt Component

Remarks	Group 2026 RM'000	Group 2025 RM'000
Islamic Financing		
Current		
Bank Overdrafts	12,741	1,850
Banker's Acceptances	44,445	44,376
Islamic Hire Purchase Payables	252	472
Revolving Credit and Financing	-	-
Term Financing	1,091	7,374

Additional Compliance Information (cont'd)

5. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(c) Component of Financial Position (cont'd)

(ii) Debt Component (cont'd)

Remarks	Group 2026 RM'000	Group 2025 RM'000
Non-Current		
Bank Overdrafts	-	-
Banker's Acceptances	-	-
Islamic Hire Purchase Payables	52	304
Revolving Credit and Financing	-	-
Term Financing	6,172	1,007
Total	64,753	55,383
Conventional Borrowing		
Current		
Bank Overdrafts	2,405	2,198
Banker's Acceptances	45,957	41,926
Hire Purchase Payables	2,757	2,554
Revolving Credit and Financing	3,000	3,000
Term Loans	2,241	-
Non-Current		
Bank Overdrafts	-	-
Banker's Acceptances	-	-
Hire Purchase Payables	3,938	6,567
Revolving Credit and Financing	-	-
Term Loans	-	4,450
Total	60,298	60,695

Statement of Directors' Responsibilities

In Respect of The Preparation of The Financial Statements

The Directors of Sern Kou 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 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 2026, 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 for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy on the disclosure of the financial position of the Group and the Company, and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

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

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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 2026.

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, 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	24,284,594	12,627,249
Attributable to:		
Owners of the parent	22,964,463	12,627,249
Non-controlling interests	1,320,131	-
	24,284,594	12,627,249

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 2026.

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
Teh Su-Ching
Seow Jing Hui
Chua Oou Chuan
Onn Kien Hoe
Siah Chew Peng (Resigned on 31 December 2025)

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 2026 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 1.7.2025	Bought	Sold	Balance as at 30.6.2026
Shares in the Company				
Direct interests:				
Low Peng Sian @ Chua Peng Sian	253,829,800	-	(10,452,000)	243,377,800
Loo Eng Hua	180,000	-	(111,000)	69,000
Lee Shen Wang	120,000	-	-	120,000
Indirect interest:				
Low Peng Sian @ Chua Peng Sian	10,000,000	-	-	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 and receivable by the Directors) 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 2026 were as follows:

	Group RM	Company RM
Fees	718,200	718,200
Defined contribution plan	254,160	15,120
Other emoluments	2,148,162	149,197
Estimated monetary value of benefits-in-kind	89,450	-
	3,209,972	882,517

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 RM22,501.

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 all known bad debts had been 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 render the amount writing off for bad debts or 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.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 29 September 2026, the Company made announcement in relation to cessation of its plywood processing activities of an indirect subsidiary, namely Sern Kou Plywood Sdn. Bhd. ("SKPW") which has been included in Processing and Trading of Wood Segment as disclosed in Note 29 to the financial statements.

The cessation of its plywood processing activities is not expected to have material financial impact to the Group and Company. Details of SKPW is disclosed in Note 10(c) to the financial statements.

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 2026 were as follows:

	Group RM	Company RM
Statutory audit	175,000	38,000
Non-statutory audit	5,000	5,000
	180,000	43,000

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

.....
Low Peng Sian @ Chua Peng Sian
Director

.....
Lee Shen Wang
Director

Johor Bahru
16 October 2026

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 123 to 177 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 2026 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

.....
Lee Shen Wang
Director

Johor Bahru
16 October 2026

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 123 to 177 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)
16 October 2026)

_____
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 2026 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 123 to 177.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2026, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

Key Audit Matter of the Group

(i) Recoverability of trade receivables

As at 30 June 2026, gross trade receivables of the Group amounted to RM204,878,761. 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.

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;

Independent Auditors' Report To The Members of Sern Kou Resources Berhad

(Incorporated in Malaysia) (cont'd)

Key Audit Matters (continued)

Key Audit Matter of the Group (continued)

(i) Recoverability of trade receivables (continued)

Audit response (continued)

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;

d) evaluated management's assessment and explanation on certain individually significant trade receivables that were past due as at year end with reference to supporting evidences; and

e) verified the level of cash received subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period.

(ii) Fair value on land and buildings

As at 30 June 2026, the carrying amount of the Group's land and building measured at fair value classified under property, plant and equipment, right-of-use assets and investment properties as disclosed in Note 7, 8 and 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in assessing the fair value. The valuation assessment which are assisted by independent valuer using comparison method, are based on assumptions, amongst others with adjustments made to comparable transaction including location, size and other relevant characteristics.

Audit response

Our audit procedures included the following:

a) obtained the independent valuation reports and assessed the competency, independence and integrity of the independent valuer;

b) discussed with valuer to understand the basis of adjustments made to transacted price per square foot by considering factors related to the characteristics of each individual property, such as location and size; and

c) benchmarked and challenged to external industry data on key inputs and comparable property transactions used.

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.

Independent Auditors' Report To The Members of Sern Kou Resources Berhad

(Incorporated in Malaysia) (cont'd)

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.

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.

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)

(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.

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.

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

Johor Bahru
16 October 2026

_____

Sia Yeak Hong
03413/02/2027 J
Chartered Accountant

Statements of Financial Position

As At 30 June 2026

	Note	Group 2026 RM	Group 2025 RM	Company 2026 RM	Company 2025 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	80,664,667	87,258,233	-	-
Right-of-use assets	8	28,125,042	32,013,419	-	-
Investment properties	9	12,650,000	13,030,000	-	-
Investments in subsidiaries	10	-	-	80,994,505	91,255,944
		121,439,709	132,301,652	80,994,505	91,255,944
Current assets					
Inventories	11	15,584,123	21,439,172	-	-
Trade and other receivables	12	206,389,474	161,443,946	18,423,750	5,015,407
Current tax recoverable		674,972	2,103,711	7,599	68,263
Cash and bank balances	14	15,802,066	55,326,112	662,693	16,389,229
		238,450,635	240,312,941	19,094,042	21,472,899
TOTAL ASSETS		359,890,344	372,614,593	100,088,547	112,728,843
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	83,965,635	105,989,328	(6,810,174)	5,817,075
		190,748,886	212,772,579	99,973,077	112,600,326
Non-controlling interests	10	251,143	1,571,274	-	-
TOTAL EQUITY		191,000,029	214,343,853	99,973,077	112,600,326
LIABILITIES					
Non-current liabilities					
Borrowings	17	6,171,627	7,373,884	-	-
Lease liabilities	8	4,850,148	7,611,923	-	-
Deferred tax liabilities	18	15,827,503	15,644,431	-	-
		26,849,278	30,630,238	-	-
Current liabilities					
Trade and other payables	19	26,677,321	25,028,450	115,470	128,517
Borrowings	17	111,880,657	98,806,844	-	-
Lease liabilities	8	3,483,059	3,805,208	-	-
		142,041,037	127,640,502	115,470	128,517
TOTAL LIABILITIES		168,890,315	158,270,740	115,470	128,517
TOTAL EQUITY AND LIABILITIES		359,890,344	372,614,593	100,088,547	112,728,843

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 2026

		Group		Company	
	Note	2026 RM	2025 RM	2026 RM	2025 RM
Revenue	22	444,229,500	486,699,188	1,845,000	1,980,000
Cost of sales		(439,838,989)	(468,836,210)	-	-
Gross profit		4,390,511	17,862,978	1,845,000	1,980,000
Other income		2,357,786	1,853,035	1,455	15,096
Other income - insurance compensation		303,011	1,852,118	-	-
Selling and distribution expenses		(4,138,893)	(6,646,846)	-	-
Administrative expenses		(11,964,726)	(11,968,843)	(11,460,228)	(11,798,711)
Other operating expenses		(1,393,180)	(777,766)	-	-
Net loss on impairment of financial assets	12	(4,431,259)	-	(2,820,000)	(5,200,000)
Finance costs	23	(6,803,872)	(6,936,266)	-	-
Loss before taxation	24	(21,680,622)	(4,761,590)	(12,433,773)	(15,003,615)
Taxation	25	(2,603,972)	(2,209,159)	(193,476)	(250,083)
Loss for the financial year		(24,284,594)	(6,970,749)	(12,627,249)	(15,253,698)
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(c)	704,389	-	-	-
Total other comprehensive income, net of tax		704,389	-	-	-
Total comprehensive loss		(23,580,205)	(6,970,749)	(12,627,249)	(15,253,698)
Loss attributable to:					
Owners of the parent		(22,964,463)	(5,884,060)	(12,627,249)	(15,253,698)
Non-controlling interests	10	(1,320,131)	(1,086,689)	-	-
		(24,284,594)	(6,970,749)	(12,627,249)	(15,253,698)
Total comprehensive loss attributable to:					
Owners of the parent		(22,260,074)	(5,884,060)	(12,627,249)	(15,253,698)
Non-controlling interests	10	(1,320,131)	(1,086,689)	-	-
		(23,580,205)	(6,970,749)	(12,627,249)	(15,253,698)
Loss per ordinary share attributable to owners of the parent (sen)					
- Basic and diluted	26	(2.13)	(0.55)		

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

Statements of Changes In Equity

For The Financial Year Ended 30 June 2026

Group	Note	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 July 2025		106,783,251	44,601,877	61,387,451	212,772,579	1,571,274	214,343,853
Loss for the financial year		-	-	(22,964,463)	(22,964,463)	(1,320,131)	(24,284,594)
Other comprehensive income, net of tax							
Fair value adjustment on revaluation of properties, net of tax	25(c)	-	704,389	-	704,389	-	704,389
Total comprehensive income/ (loss)		-	704,389	(22,964,463)	(22,260,074)	(1,320,131)	(23,580,205)
Other movements within equity							
- Deferred tax crystallised upon disposal of revalued property, plant and equipment		-	236,381	-	236,381	-	236,381
- Revaluation reserve transferred to retained earnings upon disposal of revalued property, plant and equipment		-	(2,363,814)	2,363,814	-	-	-
Total other movements within equity		-	(2,127,433)	2,363,814	236,381	-	236,381
Balance as at 30 June 2026		106,783,251	43,178,833	40,786,802	190,748,886	251,143	191,000,029

Group	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
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 loss, 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

Statements of Changes In Equity

For The Financial Year Ended 30 June 2026 (cont'd)

Company	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Balance as at 1 July 2025	106,783,251	5,817,075	112,600,326
Loss for the financial year	-	(12,627,249)	(12,627,249)
Other comprehensive income, net of tax	-	-	-
Total comprehensive loss	-	(12,627,249)	(12,627,249)
Balance as at 30 June 2026	106,783,251	(6,810,174)	99,973,077
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

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

Statements of Cash Flows

For The Financial Year Ended 30 June 2026

	Note	Group 2026 RM	Group 2025 RM	Company 2026 RM	Company 2025 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(21,680,622)	(4,761,590)	(12,433,773)	(15,003,615)
Adjustments for:					
Bad debts written off	24	20,000	-	-	-
Property, plant and equipment					
- depreciation	7	3,196,489	2,967,952	-	-
- written off	7(d)	85,937	2,141	-	-
- impairment loss	7(e)	1,724,520	388,426	-	-
- gain on disposal	24	(419,873)	(21,102)	-	-
Right-of-use assets					
- depreciation	8	3,710,575	4,136,037	-	-
- impairment loss	8(j)	301,028	526,576	-	-
- gain on disposal	24	(147,623)	-	-	-
Fair value loss on investment properties	9	380,000	-	-	-
Inventories written down	11	477,780	200,000	-	-
Impairment loss on investment in subsidiaries	10(d)	-	-	10,261,439	10,443,564
Net impairment loss on trade receivables	12(c)	4,431,259	-	-	-
Impairment loss on other receivables	12(f)	-	-	2,820,000	5,200,000
Gain on lease termination	8(c)	(651,896)	(210,341)	-	-
Prepayments written off	24	607,378	-	-	-
Interest expense	23	6,803,872	6,936,266	-	-
Interest income	24	(133,965)	(134,633)	(1,455)	(15,096)
Unrealised gain on foreign exchange	24	-	(31,876)	-	-
Operating (loss)/profit before changes in working capital		(1,295,141)	9,997,856	646,211	624,853
Changes in working capital:					
Inventories		5,377,269	(523,448)	-	-
Trade and other receivables		(50,004,165)	(4,763,278)	(8,343)	(1,619)
Trade and other payables		1,648,871	990,959	(13,047)	16,971
Cash (used in)/generated from operations		(44,273,166)	5,702,089	624,821	640,205
Tax paid		(3,085,643)	(2,559,275)	(196,526)	(286,484)
Tax refunded		2,087,163	465,683	63,714	-
Net cash (used in)/from operating activities		(45,271,646)	3,608,497	492,009	353,721

Statements of Cash Flows

For The Financial Year Ended 30 June 2026 (cont'd)

	Note	Group		Company	
		2026 RM	2025 RM	2026 RM	2025 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(16,220,000)	(6,200,000)
Interest income		133,965	134,633	1,455	15,096
Right-of-use assets					
- purchase	8(d)	(5,749)	(11,480)	-	-
- proceeds from disposal		297,000	-	-	-
Property, plant and equipment					
- purchase	7	(211,124)	(10,684,465)	-	-
- proceeds from disposal		4,091,068	33,990	-	-
Net cash from/(used in) investing activities		4,305,160	(10,527,322)	(16,218,545)	(6,184,904)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest expense		(6,803,872)	(6,936,266)	-	-
Drawdown of term loans		-	4,975,200	-	-
Repayment of term loans		(3,327,139)	(2,795,522)	-	-
Net drawdown of bankers' acceptance		4,100,705	5,344,893	-	-
Placement of deposits pledged		(878,654)	(921,018)	-	-
Repayment of lease liabilities		(3,625,244)	(3,998,146)	-	-
Net cash used in financing activities		(10,534,204)	(4,330,859)	-	-
Net decrease in cash and cash equivalents		(51,500,690)	(11,249,684)	(15,726,536)	(5,831,183)
Effect of exchange rate changes on cash and cash equivalents		-	31,876	-	-
Cash and cash equivalents at beginning of financial year		48,069,384	59,287,192	16,389,229	22,220,412
Cash and cash equivalents at end of financial year	14(d)	(3,431,306)	48,069,384	662,693	16,389,229

Statements of Cash Flows

For The Financial Year Ended 30 June 2026 (cont'd)

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 2025	12,831,447	86,301,616	3,000,000	11,417,131
Cash flows:				
- Drawdown of principal	-	237,580,087	-	-
- Repayment of principal	(3,327,139)	(233,479,382)	-	(3,625,244)
- Payment of interests	(566,319)	(3,962,619)	(161,542)	(560,783)
Non-cash flows:				
- Additions	-	-	-	1,532,882
- Interest expense	566,319	3,962,619	161,542	560,783
- Termination	-	-	-	(991,562)
As at 30 June 2026	9,504,308	90,402,321	3,000,000	8,333,207
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

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

Notes To The Financial Statements

30 June 2026

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 2026 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.

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 2026 (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 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.

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%

Notes To The Financial Statements
30 June 2026 (cont'd)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Property, plant and equipment and depreciation (continued)

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.

4.4 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%

4.5 Investment properties

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

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.

4.6 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.

4.7 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 2026 (cont'd)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.8 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.

4.9 Financial guarantee contract

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

(i) the amount of the loss allowance; and

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

4.10 Impairment of financial assets

The Group recognised an allowance for expected credit loss ("ECL") for all debt instruments not held at FVTPL. ECLs are measured based on a general 3-stage approach and a simplified approach.

For general approach, 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 ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

The Group applies the simplified approach to ECL to all trade receivables that entails recognising a lifetime ECL without tracking changes in credit risk.

Notes To The Financial Statements
30 June 2026 (cont'd)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment of financial assets (continued)

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 asset's original effective interest rate of the asset.

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

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.

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.

4.12 Revenue recognition

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.

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.

Notes To The Financial Statements
30 June 2026 (cont'd)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Revenue recognition (continued)

Site cleaning and replanting contracts (continued)

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) Management fees services

Management fee from rendering of services is recognised when the services are rendered.

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 121 *Lack of Exchangeability*	1 January 2025

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

Title	Effective Date
Amendments to MFRS 9 and MFRS 7 *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to MFRS 9 and MFRS 7 *Contracts Referencing Nature – dependent Electricity*	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendment to MFRS 19 Subsidiaries without Public *Accountability: Disclosures*	1 January 2027
Amendment to MFRS 121 *Translation to a Hyperinflationary Presentation Currency*	1 January 2027
MFRS 20 *Regulatory Assets and Regulatory Liabilities*	1 January 2029
Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to MFRS 128 *Investments in Associates and Joint Ventures)*	Applicable when an entity first applies MFRS 18
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

Notes To The Financial Statements
30 June 2026 (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 2026 (continued)

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.

Fair value on land and buildings

Fair value of land and buildings requires management to exercise significant judgement in assessing the fair value.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2025 RM	Revaluation adjustment RM	Additions RM	Disposals RM	Written off RM	Impairment loss RM	Depreciation charge for the financial year RM	Balance as at 30.6.2026 RM
Carrying amount								
Freehold land	15,370,000	(110,000)	-	(3,590,000)	-	-	-	11,670,000
Buildings	60,970,693	1,983,451	60,000	-	-	-	(1,188,544)	61,825,600
Machinery, factory equipment, tools and equipment	10,414,332	-	113,600	(81,195)	(85,926)	(1,676,896)	(1,861,774)	6,822,141
Motor vehicle and forklifts	219,305	-	-	-	(3)	(2)	(63,403)	155,897
Office equipment, furniture and fittings	174,128	-	37,524	-	(8)	(47,622)	(38,984)	125,038
Renovation	109,775	-	-	-	-	-	(43,784)	65,991
	87,258,233	1,873,451	211,124	(3,671,195)	(85,937)	(1,724,520)	(3,196,489)	80,664,667

	At 30.6.2026				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Freehold land	-	11,670,000	-	-	11,670,000
Buildings	-	61,825,600	-	-	61,825,600
Machinery, factory equipment, tools and equipment	30,598,953	-	(17,902,888)	(5,873,924)	6,822,141
Motor vehicle and forklifts	4,602,429	-	(4,425,490)	(21,042)	155,897
Office equipment, furniture and fittings	1,783,726	-	(1,382,540)	(276,148)	125,038
Renovation	2,971,256	-	(2,491,913)	(413,352)	65,991
	39,956,364	73,495,600	(26,202,831)	(6,584,466)	80,664,667

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2024 RM	Additions RM	Disposals RM	Written off RM	Impairment loss RM	Transfer to right-of -use assets (Note 8) RM	Reclassification RM	Depreciation charge for the financial year RM	Balance as at 30.6.2025 RM
Carrying amount									
Freehold land	15,370,000	-	-	-	-	-	-	-	15,370,000
Buildings	54,533,398	-	-	-	-	-	7,521,588	(1,084,293)	60,970,693
Machinery, factory equipment, tools and equipment	4,593,325	7,925,119	-	(2,140)	(384,282)	-	-	(1,717,690)	10,414,332
Motor vehicle and forklifts	624,281	16,000	-	(1)	-	(335,494)	-	(85,481)	219,305
Office equipment, furniture and fittings	147,151	80,713	(12,888)	-	(4,144)	-	-	(36,704)	174,128
Renovation	153,559	-	-	-	-	-	-	(43,784)	109,775
Construction work-in-progress	4,858,955	2,662,633	-	-	-	-	(7,521,588)	-	-
	80,280,669	10,684,465	(12,888)	(2,141)	(388,426)	(335,494)	-	(2,967,952)	87,258,233

	At 30.6.2025				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Freehold land	-	15,370,000	-	-	15,370,000
Buildings	-	64,961,131	(2,010,718)	(1,979,720)	60,970,693
Machinery, factory equipment, tools and equipment	31,983,986	-	(17,301,808)	(4,267,846)	10,414,332
Motor vehicle and forklifts	4,989,424	-	(4,749,078)	(21,041)	219,305
Office equipment, furniture and fittings	1,912,295	-	(1,394,068)	(344,099)	174,128
Renovation	3,452,260	-	(2,896,030)	(446,455)	109,775
	42,337,965	80,331,131	(28,351,702)	(7,059,161)	87,258,233

Notes To The Financial Statements
30 June 2026 (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	
	2026 RM	2025 RM
Freehold land	5,117,000	6,343,186
Buildings	28,453,698	29,898,944
	33,570,698	36,242,130

(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	
	2026 RM	2025 RM
Freehold land	11,670,000	11,780,000
Buildings	61,825,600	60,970,693
	73,495,600	72,750,693

(c) The fair value of the properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2026				
Freehold land	-	-	11,670,000	11,670,000
Buildings	-	-	61,825,600	61,825,600
	-	-	73,495,600	73,495,600
2025				
Freehold land	-	-	15,370,000	15,370,000
Buildings	-	-	60,970,693	60,970,693
	-	-	76,340,693	76,340,693

(i) Freehold land and buildings of the Group were revalued on 30 June 2026 and 30 June 2025 by the Directors based on valuation exercise carried out by independent firms of registered professional valuers.

(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 2026 and 30 June 2025.

Notes To The Financial Statements
30 June 2026 (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 RM39 (2025: RM6 to RM40)	Lower or higher price per square foot, lower or higher fair value
Buildings	Cost method	Estimated replacement cost per square foot	RM55 to RM130 (2025: RM54 to RM130)	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	
	2026 RM	2025 RM
Balance as at beginning of financial year	76,340,693	69,903,398
Additions	60,000	-
Disposal	(3,590,000)	-
Depreciation	(1,188,544)	(1,084,293)
Net revaluation adjustment	1,873,451	-
Reclassification	-	7,521,588
Balance as at end of financial year	73,495,600	76,340,693

(d) During the financial year, the Group has written off property, plant and equipment amounted to RM85,937 (2025: RM2,141).

(e) Impairment assessment - Fair value less cost of disposal

During the financial year, the Group recognised impairment losses of RM1,724,520 (2025: RM388,426) on plant and equipment (other than land and buildings) for its manufacturing and trading of furniture segment due to lower utilisation and ageing of these assets where the recoverable amounts were determined to be lower than their carrying amounts.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(I) Right-of-use assets

Group	Balance as at 1.7.2025 RM	Revaluation adjustment RM	Additions RM	Disposal RM	Termination RM	Impairment loss RM	Depreciation RM	Balance as at 30.6.2026 RM
Carrying amount								
Leasehold land	21,457,031	(926,362)	-	-	-	-	(298,669)	20,232,000
Buildings - rented	471,177	-	1,310,882	-	(339,666)	(301,028)	(266,806)	874,559
Machinery	180,767	-	-	-	-	-	(24,650)	156,117
Motor vehicle	9,904,444	-	227,749	(149,377)	-	-	(3,120,450)	6,862,366
	32,013,419	(926,362)	1,538,631	(149,377)	(339,666)	(301,028)	(3,710,575)	28,125,042

	At 30.6.2026				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Leasehold land	-	20,232,000	-	-	20,232,000
Buildings - rented	2,069,444	-	(625,752)	(569,133)	874,559
Machinery	246,500	-	(90,383)	-	156,117
Motor vehicle	16,513,031	-	(9,161,454)	(489,211)	6,862,366
	18,828,975	20,232,000	(9,877,589)	(1,058,344)	28,125,042

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

Group	Balance as at 1.7.2024 RM	Additions RM	Termination RM	Impairment loss RM	Reassessments RM	Transfer from property, plant and equipment (Note 7) RM	Depreciation RM	Balance as at 30.6.2025 RM
Carrying amount								
Leasehold land	21,755,700	-	-	-	-	-	(298,669)	21,457,031
Buildings - rented	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				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Leasehold land	-	22,250,000	(601,366)	(191,603)	21,457,031
Buildings - rented	4,051,566	-	(2,352,295)	(1,228,094)	471,177
Machinery	246,500	-	(65,733)	-	180,767
Motor vehicle	16,801,798	-	(6,408,143)	(489,211)	9,904,444
	21,099,864	22,250,000	(9,427,537)	(1,908,908)	32,013,419

Notes To The Financial Statements
30 June 2026 (cont'd)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(II) Lease liabilities

	Group	
	2026 RM	2025 RM
Balance as at 1 July 2025/2024	11,417,131	14,173,072
Additions	1,532,882	1,447,879
Lease payment	(4,186,027)	(4,788,665)
Termination	(991,562)	(212,960)
Reassessments	-	7,286
Interest expense	560,783	790,519
Balance as at 30 June 2026/2025	8,333,207	11,417,131
Represented by:		
Current liabilities	3,483,059	3,805,208
Non-current liabilities	4,850,148	7,611,923
	8,333,207	11,417,131
Lease liabilities owing to financial institutions	6,998,575	9,897,475
Lease liabilities owing to non-financial institutions	1,334,632	1,519,656
	8,333,207	11,417,131

(a) As at the end of the reporting period, leasehold land with a carrying amount of RM19,682,000 (2025: RM21,061,077) 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	
	2026 RM	2025 RM
Depreciation of right-of-use assets (included in cost of sales and administrative expenses)	3,710,575	4,136,037
Impairment loss on right-of-use assets (included in administrative expenses)	301,028	526,576
Interest expense on lease liabilities (included in finance costs)	560,783	790,519
Gain on disposal (included in other income)	(147,623)	-
Gain on lease termination (included in other income)	(651,896)	(210,341)
Expense relating to short-term leases (included in cost of sales)	101,700	155,600

Notes To The Financial Statements
30 June 2026 (cont'd)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(d) During the financial year, the Group made the following cash payments on right-of-use assets:

	Group	
	2026 RM	2025 RM
Additions of right-of-use assets	1,538,631	1,123,865
Transfer from property, plant and equipment	-	335,494
Financed by lease arrangement:		
- addition of right-of-use assets for motor vehicle	(222,000)	(688,500)
- addition of right-of-use assets for buildings	(1,310,882)	(759,379)
Net cash payments on right-of-use assets	5,749	11,480

(e) The following are total cash outflows for leases as a lessee:

	Group	
	2026 RM	2025 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	101,700	155,600
Included in net cash from investing activities:		
Net cash payments on purchase of right-of-use assets	5,749	11,480
Included in net cash from financing activities:		
Payment of lease liabilities	3,625,244	3,998,146
Payment of lease interests	560,783	790,519
Total cash outflows for leases	4,293,476	4,955,745

(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 3.97% (2025: 4.15%) per annum.

Notes To The Financial Statements
30 June 2026 (cont'd)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(h) Had the revalued leasehold land been carried at historical cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2026 RM	2025 RM
Leasehold land	8,020,041	8,134,538

(i) The fair value of the properties of the Group are categorised as follows:

2026	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold land	-	-	20,232,000	20,232,000

2025	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold land	-	-	21,457,031	21,457,031

(i) Leasehold land of the Group were revalued on 30 June 2026 and 30 June 2025 by the Directors based on valuation exercise carried out by an independent firm of registered professional valuers.

(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 2026 and 30 June 2025.

(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	RM7 to RM35 (2025: RM6 to RM 40)	Lower or higher price per square foot, lower or higher fair value

Notes To The Financial Statements
30 June 2026 (cont'd)

8. RIGHT-OF-USE ASSETS AND 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	
	2026 RM	2025 RM
Balance as at 1 July 2025/2024	21,457,031	21,755,700
Depreciation	(298,669)	(298,669)
Revaluation adjustment	(926,362)	-
Balance as at 30 June 2026/2025	20,232,000	21,457,031

(j) Impairment assessment - Fair value less cost of disposal

During the financial year, the Group recognised impairment losses of RM301,028 (2025: RM526,576) on right-of-use assets for its manufacturing and trading of furniture segment. The impairment testing on right-of-use assets of the Group is similar to that of plant and equipment as disclosed in Note 7(e) to the financial statements.

9. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2025 RM	Revaluation adjustment RM	Balance as at 30.6.2026 RM
At fair value			
Freehold land	4,490,000	(110,000)	4,380,000
Freehold building	8,540,000	(270,000)	8,270,000
	13,030,000	(380,000)	12,650,000

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

Notes To The Financial Statements
30 June 2026 (cont'd)

9. INVESTMENT PROPERTIES (CONTINUED)

(a) At the end of the reporting period, investment properties with a carrying amount of RM12,650,000 (2025: 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	
	2026 RM	2025 RM
Lease income	396,000	396,000
Direct operating expenses - generating rental income	20,592	19,481

(c) The fair value of the investment properties of the Group are categorised as follows:

2026	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	-	4,380,000	4,380,000
Freehold building	-	-	8,270,000	8,270,000
	-	-	12,650,000	12,650,000
2025				
Freehold land	-	-	4,490,000	4,490,000
Freehold building	-	-	8,540,000	8,540,000
	-	-	13,030,000	13,030,000

(i) Fair value of investment properties of the Group were determined on 30 June 2026 and 30 June 2025 by the Directors based on valuation exercise carried out by an independent firm of registered professional valuers.

(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 2026 and 30 June 2025.

(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.

Notes To The Financial Statements
30 June 2026 (cont'd)

9. INVESTMENT PROPERTIES (CONTINUED)

(c) The fair value of the investment properties of the Group are categorised as follows: (continued)

(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	RM39 (2025: RM40)	Lower or higher price per square foot, lower or higher fair value.
Freehold building	Cost method	Estimated replacement cost per square foot	RM116 (2025: RM119)	Lower or higher estimated replacement cost, higher or lower fair value.

(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	
	2026 RM	2025 RM
Less than one year	132,000	132,000

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2026 RM	2025 RM
Unquoted shares, at cost	117,797,457	117,797,457
Less: Impairment loss on investment in unquoted shares	(36,802,952)	(26,541,513)
	80,994,505	91,255,944

Notes To The Financial Statements
30 June 2026 (cont'd)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2026 %	Effective interest in equity 2025 %	Principal activities
Sern Kou Furniture Industries Sdn. Bhd. ("SKFI") #	Malaysia	100	100	Manufacturing, processing and trading all kind 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. ("SKSFD") #	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
Subsidiary of ST				
SK Biotech Sdn. Bhd. ("SKB") #	Malaysia	51	51	Research and development on biotechnology, laboratory and related products and services

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Notes To The Financial Statements
30 June 2026 (cont'd)

10. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Subsidiaries of the Group which have non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Group	
	2026 %	2025 %	2026 %	2025 %
Carrying amount of NCI				
SKPW	49	49	1,224,486	2,441,395
SKB	49	49	(973,343)	(870,121)
			251,143	1,571,274
Loss for the financial year/Total comprehensive loss allocated to NCI				
SKPW			(1,216,909)	(712,667)
SKB			(103,222)	(374,022)
			(1,320,131)	(1,086,689)

(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	
	2026 RM	2025 RM
Assets and liabilities		
Non-current assets	859,091	1,775,274
Non-current liabilities	(506,018)	(204,601)
Current assets	4,396,966	7,853,799
Current liabilities	(2,251,088)	(4,442,033)
Net assets	2,498,951	4,982,439
Results		
Revenue	12,427,793	17,380,093
Loss for the financial year	(2,483,487)	(1,454,422)
Cash flows from operating activities	577,463	436,120
Cash flows from/(used in) investing activities	409	(19,455)
Cash flows used in financing activities	(371,220)	(373,223)
Net increase in cash and cash equivalents	206,652	43,442
Dividend paid to NCI	-	-

Notes To The Financial Statements
30 June 2026 (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)

	SKB	
	2026 RM	2025 RM
Assets and liabilities		
Non-current assets	-	121,321
Non-current liabilities	-	(51,774)
Current assets	53,366	417,753
Current liabilities	(2,039,780)	(2,263,057)
Net liabilities	(1,986,414)	(1,775,757)
Results		
Revenue	-	832,223
Loss for the financial year	(210,657)	(763,310)
Cash flows (used in)/from operating activities	(52,481)	628,153
Cash flows from/(used in) investing activities	153,068	(603,831)
Cash flows used in financing activities	(47,225)	(162,464)
Net increase/(decrease) in cash and cash equivalents	53,362	(138,142)
Dividend paid to NCI	-	-

(d) During the financial year, management has also considered losses in two (2) subsidiaries operating in the manufacturing and trading of furniture segment as an impairment indication. The recoverable amount of these subsidiaries determined based on fair value less costs to sell is lower than its carrying amount. Accordingly, the Company has recognised an impairment loss on investment in these subsidiaries amounted to RM10,261,439 (2025: RM10,443,564) in the current financial year within administrative expenses in the statements of profit or loss and other comprehensive income due to declining operations of these subsidiaries.

11. INVENTORIES

	Group	
	2026 RM	2025 RM
At cost		
Raw materials	5,331,887	7,422,296
Work-in-progress	4,403,011	7,250,458
Finished goods	5,052,424	5,411,387
	14,787,322	20,084,141
At net realisable value		
Finished goods	796,801	1,355,031
	15,584,123	21,439,172

Notes To The Financial Statements
30 June 2026 (cont'd)

11. INVENTORIES (CONTINUED)

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM409,354,414 (2025: RM428,574,981).

(b) During the financial year, the Group had written down inventories of RM477,780 (2025: RM200,000) in other operating expenses.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2026 RM	2025 RM	2026 RM	2025 RM
Trade receivables					
Third parties		204,878,761	153,877,177	-	-
Contract assets	13	-	501,937	-	-
		204,878,761	154,379,114	-	-
Less: Impairment losses on third party		(4,953,530)	(1,371,161)	-	-
Trade receivables - net		199,925,231	153,007,953	-	-
Other receivables					
Amounts owing from subsidiaries		-	-	29,420,000	13,200,000
Deposits		1,715,527	1,826,019	-	-
Third parties		604,429	645,611	-	-
		2,319,956	2,471,630	29,420,000	13,200,000
Less: Impairment losses		(559,297)	(559,297)	(11,020,000)	(8,200,000)
		1,760,659	1,912,333	18,400,000	5,000,000
Total receivables		201,685,890	154,920,286	18,400,000	5,000,000
Prepayments		4,703,584	6,523,660	23,750	15,407
		206,389,474	161,443,946	18,423,750	5,015,407

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 15 to 120 days (2025: 15 to 120 days). They are recognised at their original invoice amounts, which represent their fair value on initial recognition.

(b) The currency exposure profile of total receivables is as follows:

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Ringgit Malaysia	201,269,088	153,378,846	18,400,000	5,000,000
United States Dollar	416,802	1,049,860	-	-
Chinese Renminbi	-	491,580	-	-
	201,685,890	154,920,286	18,400,000	5,000,000

Notes To The Financial Statements
30 June 2026 (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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 2025	454,000	917,161	1,371,161
Charge for the financial year	2,835,587	1,663,943	4,499,530
Reversal of impairment loss	-	(68,271)	(68,271)
Written off	-	(848,890)	(848,890)
At 30 June 2026	3,289,587	1,663,943	4,953,530
At 1 July 2024/30 June 2025	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:

Group At 30 June 2026	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
Not past due	116,835,862	(1,896,224)	114,939,638
Past due:			
1 to 30 days	28,899,102	(465,365)	28,433,737
31 to 60 days	26,486,766	(405,014)	26,081,752
61 to 90 days	20,584,524	(330,054)	20,254,470
More than 90 days	10,408,564	(192,930)	10,215,634
	86,378,956	(1,393,363)	84,985,593
Individual assessment	1,663,943	(1,663,943)	-
	204,878,761	(4,953,530)	199,925,231

Notes To The Financial Statements
30 June 2026 (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Lifetime expected loss allowance for trade receivables of the Group are as follows: (continued)

Group At 30 June 2025	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
Individual assessment	917,161	(917,161)	-
	153,877,177	(1,371,161)	152,506,016

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

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information. No expected credit loss is recognised arising from other receivables as it is negligible.

(f) The reconciliation of movements in the impairment losses on other receivables is as follows:

	Lifetime ECL RM
Group	
At 30 June 2025/30 June 2026	559,297
Company	
At 1 July 2024	3,000,000
Charge for the financial year	5,200,000
At 30 June 2025/1 July 2025	8,200,000
Charge for the financial year	2,820,000
At 30 June 2026	11,020,000

(g) Net amounts owing from subsidiaries are unsecured, interest-free and payable within the next twelve (12) months.

Notes To The Financial Statements
30 June 2026 (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(h) Included in prepayments of the Group are:

(i) RM1,571,419 (2025: RM1,387,486) representing advance payments for purchase of raw materials;

(ii) RM1,408,060 (2025: RM1,515,468) representing prepayments for purchase of property, plant and equipment and right-of-use assets.

(i) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

13. CONTRACT ASSETS

		Group	
	Note	2026 RM	2025 RM
Contract assets	12	-	501,937

(a) Contract assets represent the timing differences in satisfaction of performance obligations and the progress billings as at the end of the reporting period.

Contract assets 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.

14. CASH AND BANK BALANCES

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Cash and bank balances	11,714,349	52,117,049	662,693	16,389,229
Deposits with licensed banks	4,087,717	3,209,063	-	-
	15,802,066	55,326,112	662,693	16,389,229

(a) Deposits with licensed banks of the Group have maturity period range from 3 months to 12 months (2025: 3 to 12 months).

(b) As at the end of the reporting period, deposits with licensed banks of the Group amounting to RM4,087,717 (2025: RM3,209,063) 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 2026 (cont'd)

14. CASH AND BANK BALANCES (CONTINUED)

(c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Ringgit Malaysia	15,765,634	54,266,696	662,693	16,389,229
United States Dollar	22,487	945,360	-	-
Chinese Renminbi	6,415	98,468	-	-
Others	7,530	15,588	-	-
	15,802,066	55,326,112	662,693	16,389,229

(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	
	2026 RM	2025 RM	2026 RM	2025 RM
Cash and bank balances	11,714,349	52,117,049	662,693	16,389,229
Deposits with licensed banks	4,087,717	3,209,063	-	-
	15,802,066	55,326,112	662,693	16,389,229
Less:				
Deposits with licensed banks	(4,087,717)	(3,209,063)	-	-
Bank overdrafts included in borrowings (Note 17)	(15,145,655)	(4,047,665)	-	-
	(3,431,306)	48,069,384	662,693	16,389,229

(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			
	2026		2025	
	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 2026 (cont'd)

16. RESERVES

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Non-distributable:				
Revaluation reserve	43,178,833	44,601,877	-	-
Distributable:				
Retained earnings/(Accumulated losses)	40,786,802	61,387,451	(6,810,174)	5,817,075
	83,965,635	105,989,328	(6,810,174)	5,817,075

Revaluation reserve

Revaluation reserve represents net revaluation surplus of land and buildings classified under property, plant and equipment and right-of-use assets.

17. BORROWINGS

		Group	
	Note	2026 RM	2025 RM
Non-current liabilities			
Term loans		6,171,627	7,373,884
Current liabilities			
Bank overdrafts		15,145,655	4,047,665
Bankers' acceptance		90,402,321	86,301,616
Revolving credit		3,000,000	3,000,000
Term loans		3,332,681	5,457,563
		111,880,657	98,806,844
Total borrowings			
Bank overdrafts	14	15,145,655	4,047,665
Bankers' acceptance		90,402,321	86,301,616
Revolving credit		3,000,000	3,000,000
Term loans		9,504,308	12,831,447
		118,052,284	106,180,728

Notes To The Financial Statements
30 June 2026 (cont'd)

17. BORROWINGS (CONTINUED)

Term loans can be further analysed as follows:

	Group	
	2026 RM	2025 RM
Current liabilities		
- not later than one year	3,332,681	5,457,563
Non-current liabilities		
- later than one year and not later than five years	4,498,421	4,444,658
- later than five years	1,673,206	2,929,226
	6,171,627	7,373,884
	9,504,308	12,831,447

(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.

(d) As at 30 June 2026, a subsidiary namely SKFI did not observe a gearing ratio covenant prescribed by a financial institution. On 7 April 2026, the said financial institution did not waive the covenant and has agreed to continue providing the borrowing facilities. Consequently, collective borrowings from this financial institution amounted to RM4,504,184 (2025: RM5,948,568) have been reclassified to current liabilities.

Notes To The Financial Statements
30 June 2026 (cont'd)

18. DEFERRED TAX LIABILITIES

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2026 RM	2025 RM
Balance at beginning of financial year	15,644,431	15,763,199
Recognised in profit or loss (Note 25)	176,753	(118,768)
Recognised in other comprehensive income	6,319	-
Balance at end of financial year	15,827,503	15,644,431
Presented after appropriate offsetting:		
Deferred tax assets	(348,502)	(902,813)
Deferred tax liabilities	16,176,005	16,547,244
Balance at end of financial year	15,827,503	15,644,431

(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	1,526,525	2,352,357	12,421,964	(537,647)	15,763,199
Recognised in profit or loss	246,398	-	-	(365,166)	(118,768)
As at 30 June 2025	1,772,923	2,352,357	12,421,964	(902,813)	15,644,431
Recognised in profit or loss	(301,758)	(75,800)	-	554,311	176,753
Recognised in other comprehensive income	-	-	6,319	-	6,319
As at 30 June 2026	1,471,165	2,276,557	12,428,283	(348,502)	15,827,503

(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	
	2026 RM	2025 RM
Unused tax losses:		
- Expires between YA2028 to YA2036	46,894,000	29,206,000
Unabsorbed capital allowances - No expiry date	12,230,000	9,005,000
Incentive - No expiry date	2,905,000	2,905,000
Other temporary differences	(1,807,000)	(2,509,000)
	60,222,000	38,607,000

Notes To The Financial Statements
30 June 2026 (cont'd)

18. DEFERRED TAX LIABILITIES (CONTINUED)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows: (continued)

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.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Trade payables				
Third parties	16,617,691	12,590,370	-	-
Other payables				
Third parties	7,028,141	8,283,208	86,270	41,375
Accruals	2,018,331	2,654,010	29,200	87,142
Deposits received	1,013,158	1,500,862	-	-
	10,059,630	12,438,080	115,470	128,517
	26,677,321	25,028,450	115,470	128,517

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 to 120 days (2025: 15 to 120 days).

(b) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Ringgit Malaysia	25,313,899	24,203,413	115,470	128,517
Chinese Renminbi	469,630	642,585	-	-
United States Dollar	893,792	182,452	-	-
	26,677,321	25,028,450	115,470	128,517

(c) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

Notes To The Financial Statements
30 June 2026 (cont'd)

20. CAPITAL COMMITMENTS

	Group	
	2026 RM	2025 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	-	90,409

21. FINANCIAL GUARANTEE CONTRACTS

	Company	
Corporate guarantees - unsecured	2026 RM	2025 RM
In favour of banks for banking facilities granted to subsidiaries:		
- limit of guarantee	156,871,000	143,671,000
- amount utilised	118,279,284	106,562,728

The Company has financial guarantee contracts of RM156,871,000 (2025: RM143,671,000) 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.

The Company determines the probability of default of the subsidiaries using internal and external information available. No impairment loss is recognised arising from financial guarantee as it is negligible.

22. REVENUE

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Revenue from contracts with customers				
Recognised at point in time:				
Sale of goods	443,170,296	481,921,311	-	-
Recognised over time:				
Site cleaning and replanting contracts	1,059,204	4,777,877	-	-
Others				
Management services rendered	-	-	1,845,000	1,980,000
	444,229,500	486,699,188	1,845,000	1,980,000

Notes To The Financial Statements
30 June 2026 (cont'd)

23. FINANCE COSTS

	Group	
	2026 RM	2025 RM
Interest expenses on:		
- bank overdrafts	1,552,609	1,356,234
- bankers' acceptance	3,962,619	3,940,674
- term loans	566,319	649,387
- revolving credit	161,542	199,452
- lease liabilities	560,783	790,519
	6,803,872	6,936,266

24. LOSS BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the loss before taxation is arrived at:

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
After charging:				
Auditors' remuneration:				
- statutory audit	175,000	168,000	38,000	35,000
- non-statutory audit	5,000	5,000	5,000	5,000
Realised loss on foreign exchange	244,713	745,720	-	-
Bad debts written off	20,000	-	-	-
Prepayments written off	607,378	-	-	-
And crediting:				
Gain on disposals of:				
- property, plant and equipment	419,873	21,102	-	-
- right-of-use assets	147,623	-	-	-
Lease income from:				
- investment properties	396,000	396,000	-	-
- other assets	291,105	687,600	-	-
Unrealised gain on foreign exchange	-	31,876	-	-
Interest income	133,965	134,633	1,455	15,096

Notes To The Financial Statements
30 June 2026 (cont'd)

25. TAXATION

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Income tax expense for the financial year:				
- Current year	2,082,130	2,452,157	190,400	197,451
- Under/(Over) provision in prior years	254,590	(124,230)	3,076	52,632
	2,336,720	2,327,927	193,476	250,083
Deferred tax (Note 18)				
- Relating to origination and reversal of temporary differences	322,669	163,154	-	-
- Over provision in prior years	(145,916)	(281,922)	-	-
	176,753	(118,768)	-	-
Real property gain tax	90,499	-	-	-
	2,603,972	2,209,159	193,476	250,083

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2025: 24%) of the estimated taxable profit for the fiscal year.

(b) 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	
	2026 RM	2025 RM	2026 RM	2025 RM
Loss before taxation	(21,680,622)	(4,761,590)	(12,433,773)	(15,003,615)
Tax at Malaysian tax rate of 24% (2025: 24%)	(5,203,349)	(1,142,782)	(2,984,106)	(3,600,868)
Tax effects in respect of:				
Deferred tax assets not recognised	5,187,600	2,944,080	-	-
Non-taxable income	(123,631)	(73,786)	-	-
Non-allowable expenses	2,544,179	887,799	3,174,506	3,798,319
Real property gain tax	90,499	-	-	-
	2,495,298	2,615,311	190,400	197,451
Under/(Over) provision in prior years				
- Current tax	254,590	(124,230)	3,076	52,632
- Deferred tax	(145,916)	(281,922)	-	-
	2,603,972	2,209,159	193,476	250,083

Notes To The Financial Statements
30 June 2026 (cont'd)

25. TAXATION (CONTINUED)

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

Group	Before tax RM	Tax effect RM	After tax RM
2026			
Items that will not be reclassified subsequently to profit or loss			
Fair value adjustment on revaluation of properties:	947,089	(242,700)	704,389

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	
	2026	2025
Loss attributable to equity holders of the parent (RM)	22,964,463	5,884,060
Weighted average number of ordinary shares in issue	1,078,097,542	1,078,097,542
Basic loss per ordinary share (sen)	2.13	0.55

(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	
	2026 RM	2025 RM	2026 RM	2025 RM
Salaries, wages, bonuses and allowances	20,140,598	30,467,408	126,000	315,000
Contributions to defined contribution plan	944,295	1,064,812	15,120	37,800
Social security contribution	256,274	385,452	696	1,334
Other benefits	1,119,811	2,001,830	22,501	22,432
Fees	718,200	718,200	718,200	718,200
	23,179,178	34,637,702	882,517	1,094,766

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,395,457 (2025: RM3,330,976) and RM157,452 (2025: RM369,746) respectively.

Notes To The Financial Statements
30 June 2026 (cont'd)

27. EMPLOYEE BENEFITS (CONTINUED)

(a) Directors' remuneration

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Directors of the Company				
Executive Directors:				
- salaries	2,046,000	2,172,000	126,000	252,000
- bonus	-	703,000	-	63,000
- defined contribution plan	245,520	345,000	15,120	37,800
- others	14,704	15,082	9,132	9,746
	2,306,224	3,235,082	150,252	362,546
- fees	7,200	7,200	7,200	7,200
	2,313,424	3,242,282	157,452	369,746
Director of the subsidiary				
- salaries	72,000	72,000	-	-
- bonus	-	6,000	-	-
- defined contribution plan	8,640	9,360	-	-
- others	1,393	1,334	-	-
	82,033	88,694	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	2,395,457	3,330,976	157,452	369,746
Directors of the Company				
Estimated monetary value of benefits-in-kind	78,925	91,050	-	-
Total Executive Directors' remuneration including benefits-in-kind	2,474,382	3,422,026	157,452	369,746
Non-Executive Directors:				
- benefits-in-kind	10,525	17,400	-	-
- fees	711,000	711,000	711,000	711,000
- others	14,065	14,020	14,065	14,020
Total Non-Executive Directors' remuneration	735,590	742,420	725,065	725,020
Total Directors' remuneration (Note 28(c))	3,209,972	4,164,446	882,517	1,094,766

Notes To The Financial Statements
30 June 2026 (cont'd)

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.

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	
	2026 RM	2025 RM	2026 RM	2025 RM
Subsidiaries				
Management fees 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.	-	-	(45,000)	(180,000)
- Sern Kou Plywood Sdn. Bhd.	-	-	(180,000)	(180,000)
Related party				
Rental expenses	128,000	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.

Notes To The Financial Statements
30 June 2026 (cont'd)

28. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

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

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Directors' remuneration (Note 27(a))	3,209,972	4,164,446	882,517	1,094,766
Other key management				
Basic salaries and bonus	313,400	312,200	-	-
Defined contribution plan	37,459	37,600	-	-
Social contribution	2,880	2,771	-	-
	353,739	352,571	-	
	3,563,711	4,517,017	882,517	1,094,766

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.

Notes To The Financial Statements
30 June 2026 (cont'd)

29. OPERATING SEGMENTS (CONTINUED)

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.

	Reportable segments			
Group 2026	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	Total RM
Revenue				
Total revenue	43,017,875	406,827,914	1,845,000	451,690,789
Inter-segment revenue	(74,850)	(5,541,439)	(1,845,000)	(7,461,289)
Revenue from external customers	42,943,025	401,286,475	-	444,229,500
Interest income	44,606	87,904	1,455	133,965
Interest expense	(928,047)	(5,875,825)	-	(6,803,872)
Net interest (expense)/income	(883,441)	(5,787,921)	1,455	(6,669,907)
Segment (loss)/profit before taxation	(18,127,967)	(4,200,321)	647,666	(21,680,622)
Segment assets	69,543,948	285,669,981	4,001,443	359,215,372
Segment liabilities	34,791,902	118,155,440	115,470	153,062,812
Other information				
Fair value adjustments on:				
- property, plant and equipment	270,729	1,602,722	-	1,873,451
- right-of-use assets	(682,248)	(244,114)	-	(926,362)
- investment properties	(380,000)	-	-	(380,000)
Gain on disposal of:				
- property, plant and equipment	-	419,873	-	419,873
- right-of-use assets	-	147,623	-	147,623
Written off:				
- property, plant and equipment	-	(85,937)	-	(85,937)
- bad debts	-	(20,000)	-	(20,000)
- prepayments	(607,378)	-	-	(607,378)
Inventories written down	(200,000)	(277,780)	-	(477,780)
Net impairment loss on receivables	65,930	(4,497,189)	-	(4,431,259)
Depreciation of:				
- property, plant and equipment	(1,555,811)	(1,640,678)	-	(3,196,489)
- right-of-use assets	(201,761)	(3,508,814)	-	(3,710,575)

Notes To The Financial Statements
30 June 2026 (cont'd)

29. OPERATING SEGMENTS (CONTINUED)

Group 2026	Reportable segments: Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	Total RM
Additions to non-current assets:				
- property, plant and equipment	166,694	44,430	-	211,124
- right-of-use assets	246,714	1,291,917	-	1,538,631
Impairment loss on:				
- property, plant and equipment	(1,707,319)	(17,201)	-	(1,724,520)
- right-of-use assets	(198,672)	(102,356)	-	(301,028)

Group 2025	Reportable segments: Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	Total 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)/income	(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
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)

Notes To The Financial Statements
30 June 2026 (cont'd)

29. OPERATING SEGMENTS (CONTINUED)

Group 2025	Reportable segments: Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	Total RM
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)

(a) Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2026 RM	2025 RM
Loss for the financial year		
Total loss for reportable segments	(21,680,622)	(4,761,590)
Taxation	(2,603,972)	(2,209,159)
Loss for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(24,284,594)	(6,970,749)
Assets		
Total assets for reportable segments	359,215,372	370,510,882
Current tax recoverable	674,972	2,103,711
Assets of the Group per consolidated statement of financial position	359,890,344	372,614,593
Liabilities		
Total liabilities for reportable segments	153,062,812	142,626,309
Deferred tax liabilities	15,827,503	15,644,431
Liabilities of the Group per consolidated statement of financial position	168,890,315	158,270,740

Notes To The Financial Statements
30 June 2026 (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	
Revenue from external customers	**2026 RM**	**2025 RM**
Malaysia	404,065,340	446,798,683
United States of America and European countries	34,616,242	30,534,187
Asia-Pacific countries	5,547,918	9,366,318
	444,229,500	486,699,188

(c) Major customers

Revenue from three (2025: three) customers from sales of products represent approximately RM205,771,830 (2025: RM188,487,939) 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 2026 and 30 June 2025.

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.

Notes To The Financial Statements
30 June 2026 (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Capital management (continued)

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Borrowings	118,052,284	106,180,728	-	-
Lease liabilities owing to financial institutions	6,998,575	9,897,475	-	-
	125,050,859	116,078,203	-	-
Less:				
Cash and bank balances	(15,802,066)	(55,326,112)	(662,693)	(16,389,229)
Net debt/(Net cash)	109,248,793	60,752,091	(662,693)	(16,389,229)
Equity attributable to owners of the parent	190,748,886	212,772,579	99,973,077	112,600,326
Capital and net debt	299,997,679	273,524,670	99,310,384	96,211,097
Gearing ratio	36%	22%	N/A	N/A

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2026 RM	2025 RM	2026 RM	2025 RM
Financial assets				
Amortised cost				
Trade and other receivables, net of prepayments	201,685,890	154,920,286	18,400,000	5,000,000
Cash and bank balances	15,802,066	55,326,112	662,693	16,389,229
	217,487,956	210,246,398	19,062,693	21,389,229
Financial liabilities				
Amortised cost				
Trade and other payables	26,677,321	25,028,450	115,470	128,517
Borrowings	118,052,284	106,180,728	-	-
	144,729,605	131,209,178	115,470	128,517

Notes To The Financial Statements
30 June 2026 (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

(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.

Notes To The Financial Statements
30 June 2026 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

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 62% (2025: 40%) of the Group's gross trade receivables were due from four (2025: 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 RM29,420,000 (2025: RM13,200,000).

(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	
Loss after tax and Equity		**2026 RM**	**2025 RM**
USD/RM	- Strengthen by 10% (2025: 10%)	(35,000)	138,000
	- Weaken by 10% (2025: 10%)	35,000	(138,000)
CNY/RM	- Strengthen by 10% (2025: 10%)	(35,000)	(4,000)
	- Weaken by 10% (2025: 10%)	35,000	4,000

Notes To The Financial Statements
30 June 2026 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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.

2026 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	26,677,321	-	-	26,677,321
Borrowings	112,342,396	5,394,233	1,743,431	119,480,060
Lease liabilities	3,586,905	4,931,028	-	8,517,933
Total undiscounted financial liabilities	142,606,622	10,325,261	1,743,431	154,675,314
Company				
Financial liabilities				
Trade and other payables/Total undiscounted financial liabilities	115,470	-	-	115,470

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

Notes To The Financial Statements
30 June 2026 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 deposit placed with licensed banks and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its risk.

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 2026	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	3.32	4,087,717	-	-	4,087,717
Bankers' acceptance	17	4.22	90,402,321	-	-	90,402,321
Revolving credit	17	5.12	3,000,000	-	-	3,000,000
Floating rates						
Bank overdrafts	17	7.48	15,145,655	-	-	15,145,655
Term loans	17	5.53	3,332,681	4,498,421	1,673,206	9,504,308
2025						
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
Revolving credit	17	5.49	3,000,000	-	-	3,000,000
Floating rates						
Bank overdrafts	17	7.71	4,047,665	-	-	4,047,665
Term loans	17	5.42	5,457,563	4,444,658	2,929,226	12,831,447

Notes To The Financial Statements
30 June 2026 (cont'd)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Interest rate risk (continued)

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	**2026 RM**	**2025 RM**
- Increase by 1% (2025: 1%)	(187,000)	(128,000)
- Decrease by 1% (2025: 1%)	187,000	128,000

32. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 29 September 2026, the Company made announcement in relation to cessation of its plywood processing activities of an indirect subsidiary, namely Sern Kou Plywood Sdn. Bhd. ("SKPW") which has been included in Processing and Trading of Wood Segment as disclosed in Note 29 to the financial statements.

The cessation of its plywood processing activities is not expected to have material financial impact to the Group and Company. Details of SKPW is disclosed in Note 10(c) to the financial statements.

List of Properties

No.	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 2026 RM'000	Date of revaluation
1	SK	Lot 11061 Mukim of Parit Bakar District of Muar Johor	A double story detached factory/ Factory	18 March 2006	21 years/ Freehold	104,431 sq. ft./ 102,600 sq. ft.	15,870	30-Jun-26
2	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	26 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 65,700 sq. ft.	10,234	30-Jun-26
3	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.	10,464	30-Jun-26
4	SKFI	Lot 11060 Mukim of Parit Bakar District of Muar Johor	Single storey detached factory building/Factory	7 December 2006	15 years/ Freehold	112,246 sq. ft./ 71,476 sq. ft.	12,650	30-Jun-26
5	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	28 years/ 99 years leasehold expiring on 29 December 2094	87,446 sq. ft./ 61,075 sq. ft.	9,870	30-Jun-26
6	VPM	Lot 8803 Mukim of Jalan Bakri District of Muar Johor	A single storey detached factory/ Factory	8 March 2001	26 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 56,474 sq. ft.	8,940	30-Jun-26
7	VPM	Lot 4573 Mukim of Telekong District of Kuala Krai Kelantan	A sawmill complex/ Factory	5 October 2016	11 years/ Freehold	1,240,001 sq. ft./ 207,718 sq. ft.	20,380	30-Jun-26

List of Properties (cont'd)

No.	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 2026 RM'000	Date of revaluation
8	VPM	Lot 5511 to 5517 Bandar Gua Musang, District of Gua Musang Kelantan	A sawmill complex/ Factory	22 June 2017	10 years/ 99 years leasehold expiring on 20 November 2100	733,872 sq. ft./ 184,158 sq. ft.	17,420	30-Jun-26
9	VPM	HSD No. 11472, PT No. 15475, Bandar Gua Musang, District of Gua Musang Kelantan	Vacant Industrial land	4 January 2023	67 years leasehold expiring on 3 January 2089	78,609 sq. ft.	550	30-Jun-26

Analysis of Shareholdings

As at 25 September 2026

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	:	934

Analysis of Shareholdings

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	84	1,640	0.000
100 – 1000	271	77,208	0.007
1,001 – 10,000	210	1,286,109	0.120
10,001 – 100,000	184	5,801,359	0.538
100,001 – 53,904,877[1]	182	724,816,758	67.231
53,904,878[2] and above	3	346,114,468	32.104
TOTAL	**934**	**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)

	Direct		Indirect	
Shareholder	No. of shares	%	No. of shares	%
Low Peng Sian @ Chua Peng Sian	249,458,400	23.139	10,000,000[1]	0.928
RHB Trustees Berhad	120,376,189	11.166	0	0.0

[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. *EXEMPT AN FOR KENANGA INVESTORS BHD*	158,008,579	14.656
2.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. *RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND*	120,376,189	11.166
3.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN*	67,729,700	6.282
4.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MY4520)*	40,000,000	3.710

Analysis of Shareholdings (cont'd)

As at 25 September 2026

List of Thirty (30) Largest Registered Shareholders (continued)

Name		No. of shares held	Percentage (%)
5.	MBSB INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MGN-LPS0005M)*	31,345,400	2.907
6.	CITIGROUP NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)*	28,756,800	2.667
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. *EXEMPT AN FOR KENANGA ISLAMIC INVESTORS BERHAD*	24,352,781	2.259
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN*	23,010,000	2.134
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI (7000184)*	20,893,100	1.938
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7014147)*	19,520,000	1.811
11.	TEH YOKE ANN	18,632,400	1.728
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG*	18,244,200	1.692
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEOH HAI HIN (SMART)*	17,288,100	1.604
14.	TAN LEE CHU	17,264,700	1.601
15.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LOW PENG SIAN @ CHUA PENG SIAN (SMART)*	16,600,300	1.540
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7004588)*	16,210,000	1.504
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOO CHAI LAI (7005187)*	14,045,000	1.303
18.	MBSB INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MGN-NAC0003M)*	13,538,000	1.256
19.	RHB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN*	13,225,800	1.227
20.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT*	12,927,100	1.199
21.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR NG AH CHAI (PB)*	12,578,700	1.167

Analysis of Shareholdings (cont'd)

As at 25 September 2026

List of Thirty (30) Largest Registered Shareholders (continued)

Name		No. of shares held	Percentage (%)
22.	KEVIN WEE TECK JIN	11,604,000	1.076
23.	HLIB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MG0195-166)*	11,300,000	1.048
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG (7014967)*	11,000,000	1.020
25.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. *CIMB FOR DATO' ONG CHOO MENG (PB)*	10,320,000	0.957
26.	MBSB INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR GENIUS SUCCESS CAPITAL SDN. BHD. (MGN-LPS0005M)*	10,000,000	0.928
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN LEE CHU (CEB)*	9,500,400	0.881
28.	TA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TIEW HUAT SENG*	9,269,600	0.860
29.	TA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KOO CHEW FONG*	8,760,800	0.813
30.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI (SMART)*	8,666,000	0.804
TOTAL		**794,967,649**	**73.738**

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	249,458,400	23.139	10,000,000[1]	0.928
Loo Eng Hua	69,000	0.006	-	-
Lee Shen Wang	120,000	0.011	-	-
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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("26th 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, 20 November 2026 at 10.30 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 2026 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To re-elect Mr Onn Kien Hoe who is retiring by rotation in accordance with Clause 97 of the Company's Constitution.

   Ms Teh Su-Ching, who is retiring by rotation in accordance with Clause 97 of the Company's Constitution, has expressed her intention not to seek re-election at the 26th AGM and will therefore cease to hold office upon the conclusion of the 26th AGM.
   Ordinary Resolution 1

3. To approve the payment of Directors' Fees amounting up to RM800,000.00 for the financial year ending 30 June 2027.
   Ordinary Resolution 2

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 RM2,000,000.00 for the period from 1 January 2027 until 31 December 2027.
   Ordinary Resolution 3

5. To re-appoint BDO PLT [201906000013 (LLP0018825-LCA) & AF 0206] as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

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

6. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Ordinary Resolution 5**

   "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 the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

   THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 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."

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

QWIK TSAE YNG (SSM PC No. 202308000539 & MAICSA 7053568)
GOH XIN YEE (SSM PC No. 202008000375 & MAICSA 7077870)

Chartered Secretaries
Kuala Lumpur
22 October 2026

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 12 November 2026.

Notice of Annual General Meeting (cont'd)

Explanatory Notes:

(i) **Item 1 of the Agenda**
- Audited Financial Statements for the financial year ended 30 June 2026

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 Resolution 1]**
- Re-election of Directors

Pursuant to Clause 97 of the Constitution of the Company, the following Directors shall retire by rotation at the conclusion of the 26th AGM, and be eligible, may offer themselves for re-election:-

(i) Mr Onn Kien Hoe; and
(ii) Ms Teh Su-Ching.

Mr Onn Kien Hoe has offered himself for re-election at the 26th AGM.

Ms Teh Su-Ching has expressed her intention not to seek re-election at the 26th AGM and will accordingly retire as an Independent Non-Executive Director of the Company upon the conclusion of the 26th AGM pursuant to Clause 97 of the Company's Constitution. Hence, she shall remain in office until the conclusion of the 26th AGM.

The Company's Nomination and Remuneration Committee, having reviewed the performance and contribution of Mr Onn Kien Hoe, was satisfied that he 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 Onn Kien Hoe based on the following consideration:-

(i) satisfactory performance and have met Board's expectation in discharging his duties and responsibilities;
(ii) met the criteria of character, experience, integrity, competence and time commitment in discharging his roles as director of the Company; and
(iii) his 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 2026.

No individual is seeking election as a director at the 26th AGM of the Company.

(iii) **Items 3 and 4 of the Agenda [Ordinary Resolutions 2 and 3]**
- Directors' Fees and Directors' Remuneration (Excluding Directors' Fees)

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 26th AGM on the Directors' Remuneration in two (2) separate resolutions as below:-

Ordinary Resolution 2: Directors' Fees

The payment of the Directors' Fees in respect of the financial year ending 30 June 2027 will only be made if the proposed Resolution 2 has been passed at the 26th AGM pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Act.

Notice of Annual General Meeting (cont'd)

Ordinary Resolution 3: Directors' Remuneration (excluding Directors' Fees)

The payment of the Directors' Remuneration (excluding Directors' Fees) up to an amount of RM2,000,000.00 payable to the Board of the Company and its subsidiaries for the period from 1 January 2027 until 31 December 2027, comprising the directors' liability insurance premium and other benefits-in-kinds.

The 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 3 has been passed at the 26th 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.

Should the actual amount of Directors' Fees and Directors' Remuneration (excluding Directors' Fees) payable exceed the amount approved at the 26th AGM, approval for the excess amount will be sought from shareholders at the next AGM.

(iv) **Item 5 of the Agenda [Ordinary Resolution 4]**
- Re-Appointment of Auditors

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, 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 26th AGM.

(v) **Item 6 of the Agenda [Ordinary Resolution 5]**
- Authority to Allot and Issue Shares

The proposed Ordinary Resolution 5 is primarily to give flexibility to the Board to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the members at the last AGM ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised.

The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their preemptive rights pursuant to Section 85(1) of the Act and Clause 54 of the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

PROXY FORM

SERN KOU RESOURCES BERHAD
[Registration No. 200001016496 (519103-X)]
(Incorporated in Malaysia)

Number Of Shares Held	
CDS Account No.	

*I/We (full name in block letters) _____,

(NRIC No./Passport No./Registration No.) _____

of (Address) _____

_____ and

(Email address/Tel No.) _____

being a Member/Member(s) of SERN KOU RESOURCES BERHAD [Registration No. 200001016496 (519103-X)] ("the Company"), hereby appoint the following person(s):-

Name of Proxy	*NRIC No./ Passport No.	Email/Contact No.	Proportion of Shareholdings (%)
1.			
2.			

or failing *him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company to 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, 20 November 2026 at 10.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Ordinary Business		Ordinary Resolution	For	Against
1.	To re-elect Mr Onn Kien Hoe as Director	Resolution 1		
2.	To approve the payment of Directors' Fees amounting up to RM800,000.00 for the financial year ending 30 June 2027	Resolution 2		
3.	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 RM2,000,000.00 for the period from 1 January 2027 until 31 December 2027	Resolution 3		
4.	To re-appoint BDO PLT as Auditors of the Company	Resolution 4		
Special Business				
5.	To approve authority to allot and issue shares	Resolution 5		

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.*

Signed this _____ day of _____, 2026

_____
Common seal is to be affixed here
if shareholder is a corporation

_____
Signature of shareholder

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 12 November 2026.

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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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SERN KOU RESOURCES BERHAD
[Registration No. 200001016496 (519103-X)]

Lot PTD 6019 (Lot 8804),
Jalan Perindustrian 1,
Kawasan Perindustrian Bukit Bakri,
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www.sernkou.com