



勝高資源有限公司
SERN KOU RESOURCES BERHAD
[Registration No. 200001016496 (519103-X)]



Annual
Report
2024



Contents

02	Management Discussion & Analysis
10	Sustainability Statement
72	Assurance Statement
84	Directors' Profile
89	Key Senior Management
90	Corporate Information
93	Notice of Annual General Meeting
97	Audit Committee Report
103	Corporate Governance Overview Statement
126	Statement on Risk Management & Internal Control
129	Statement of Directors' Responsibilities
130	Additional Compliance Information
132	Directors' Report and Audited Financial Statements
206	List of Properties
208	Analysis of Shareholdings
	Proxy Form

Management Discussion & Analysis



Dear Valued Shareholders,

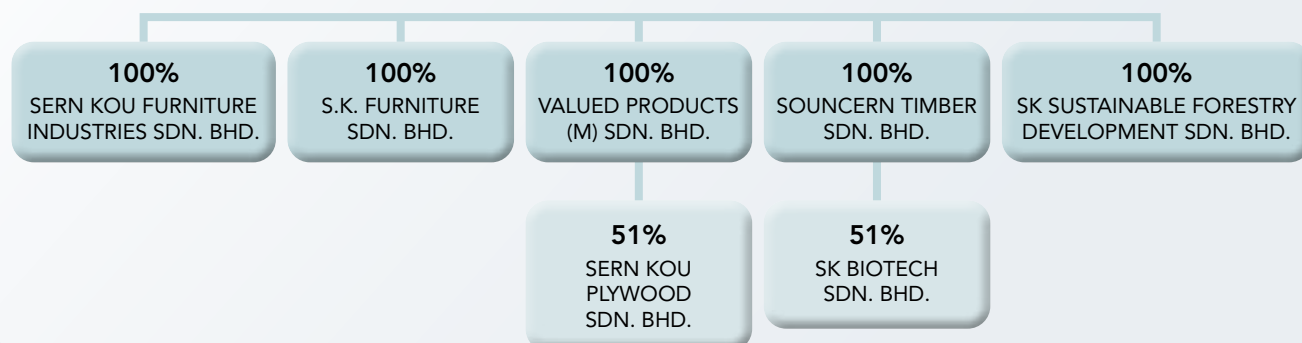
It is my pleasure to present to you the Annual Report of Sern Kou Resources Berhad ("Sern Kou" or the "Group") for the financial year ended 30 June 2024 ("FY2024"), on behalf of the Board of Directors (the "Board").

With more than 30 years of experience and track record, Sern Kou has transformed from its origins as a furniture manufacturer in 1993 into a well-established resources group. The Group was listed in 2004 on the Second Board of Malaysia Securities Exchange Berhad, which is now known as Bursa Malaysia Securities Berhad ("Bursa Securities"). A year later, we transferred our listing to the Main Board, now referred to as the Main Market of Bursa Securities.

More recently, the Group has intensified its efforts towards environmental sustainability as Sern Kou aims to evolve into a natural resources group. We recognise the critical importance of preserving the planet's resources to ensure a sustainable future for generations ahead.



SERN KOU RESOURCES BERHAD CORPORATE STRUCTURE



Management Discussion & Analysis

BUSINESS OVERVIEW

The economic challenges of FY2023 have extended into FY2024, with global inflation and aggressive interest rate hikes implemented to combat inflation causing widespread market uncertainty and raising concerns about a potential recession. While the end of 2023 saw a slowdown in rate increases as inflation eased, the ongoing geopolitical tensions continue to contribute to a complex and challenging operating environment.

Our manufacturing and trading of furniture division continued to be affected by the elevated raw material costs and the softer demand in the United States ("US") due to weaker household spending on the back of the high-interest rate environment.

On a related note, we are pleased to share that the restoration and repair efforts at one of our furniture manufacturing plants in Muar, Johor that was previously affected by a fire incident back in December 2022, made good progress and is expected to be completed soon followed by installation of new machines. The facility will be equipped with new machinery and equipment.

In terms of financial performance, Sern Kou achieved its highest-ever revenue in FY2024, despite a challenging market landscape. Revenue rose 29.7% year-on-year ("YoY") to RM493.8 million from RM380.6 million a year ago, marking the seventh consecutive year of record-breaking revenue for the Group.

However, the top-line performance was not reflected in the bottom-line due to impairment loss on property, plant and equipment as well as right-of-use assets amounting to RM6.5 million along with losses incurred by the manufacturing and trading of furniture division. The Group reported a loss after tax attributable to owners of the company ("net loss") of RM13.9 million for the financial year under review.

Seventh Cosecutive Record-Breaking Revenue



FY2024
Revenue
RM493.8
million

KEY BUSINESS SEGMENTS

Manufacturing and Trading of Furniture

The Group's furniture manufacturing division is renowned for its wooden furniture, particularly rubberwood-based dining sets. Our manufacturing base is located in Johor, Malaysia, spanning across 8.63 acres of land. Apart from dining furniture, we also manufacture living room furniture, bedroom furniture and casual furniture such as desks and chairs.

We serve as an Original Design Manufacturer ("ODM") and an Original Equipment Manufacturer ("OEM"), with the former being a key revenue driver for the division with a commendable global presence.

Management Discussion & Analysis



Processing and Trading of Wood

Sawmill Operations

Our sawmill operations, located in Gua Musang and Kuala Krai, Kelantan, continue to be our anchor revenue contributor for this division. Within these facilities, we categorise logs meticulously based on size and tree species before cutting them precisely into standardised lumber dimensions, ready for sale to our customers.

Plywood Manufacturing

Located within our Gua Musang sawmill facility, our plywood manufacturing operations specialise in creating waterproof plywood from tropical hardwood and rubberwood. Driven by our commitment to sustainability, we prioritise the use of recycled wood materials in our production process. The finished plywood products are primarily supplied to customers in the local construction industry, reinforcing our dedication to waste reduction and environmental stewardship.

Processing and Trading of Rubberwood and Timber

In addition to processed logs, we also engage in the trade of raw, unprocessed logs. Moving forward, the Group will shift more resources and efforts to focus on the sustainable forestry venture.

Management Discussion & Analysis

FINANCIAL PERFORMANCE REVIEW

Five-Year Group Financial Summary

FYE June (RM'000)	FY2020	FY2021	FY2022	FY2023	FY2024
Financial Results					
Revenue	300,090	324,699	338,267	380,632	493,769
Profit/(Loss) before taxation	22,567	24,735	15,964	3,781	(12,993)
Profit/(Loss) after taxation	16,869	17,914	9,826	1,253	(15,229)
Profit/(Loss) attributable to owners of the company	17,144	17,561	9,213	1,303	(13,945)
Financed by					
Shareholder's fund	119,462	186,856	202,915	232,860	218.654
Net assets	120,284	188,031	204,947	236,802	221,312
Statistics					
Earnings/(Loss) per Share (sen)*	2.29	2.25	1.12	0.14	(1.29)
Gross Dividend per Share (sen)	-	-	-	-	-
Net Assets per Share (RM)*	0.24	0.24	0.24	0.22	0.21

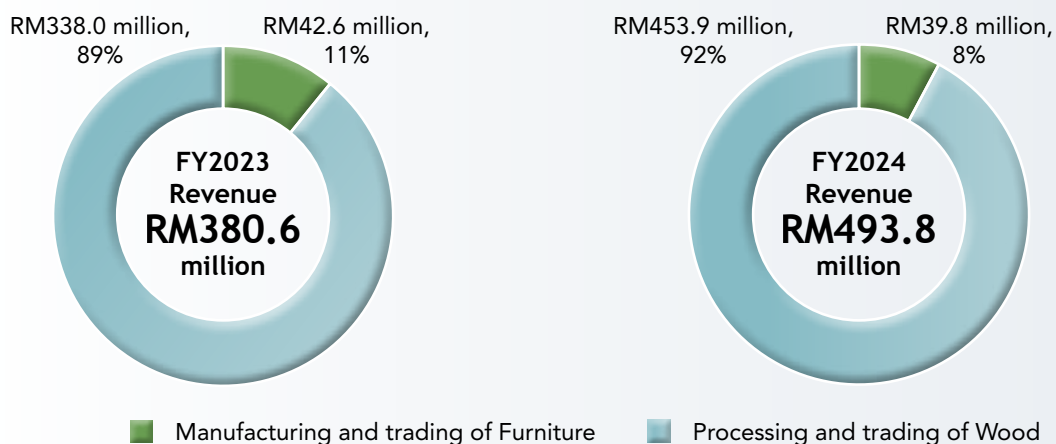
* Adjusted for 2-for-1 bonus issue that was completed in June 2021

Revenue

Sern Kou registered an all-time high revenue of RM493.8 million for FY2024, a rise of 29.7% YoY from RM380.6 million in the prior year. The top-line improvement was largely driven by stronger contribution from the processing and trading of wood division on the back of higher sales.

Revenue from the processing and trading of wood segment jumped 34.2% YoY to RM453.9 million for the financial year under review as compared to RM338.0 million a year ago. Turnover from this division accounted for 91.9% of total FY2024 revenue with the remainder from the manufacturing and trading of furniture business.

Revenue Breakdown by Segment



Management Discussion & Analysis

Gross Profit ("GP")

The top-line improvement was not reflected at the GP level due to our competitive pricing strategy of our processing and trading of wood segment to gain market share, as well as less than optimal performance at the furniture division. For the financial year under review, GP came in at RM11.8 million versus RM19.1 million in FY2023.

Bottom-Line Performance

Due to underperformance of the furniture division, an impairment loss on property, plant and equipment and right-of-use assets amounting to RM6.5 million in FY2024 was recognised following an evaluation that was carried out. This, along with the aforementioned factors, led to a net loss of RM13.9 million for FY2024 as compared to a net profit of RM1.3 million in the preceding year.

Capital Structure and Capital Resources

Total assets as at end-FY2024 increased 7.6% or RM26.2 million to RM372.6 million from RM346.4 million in the previous year. This was primarily due to increase in trade receivable in line with the higher revenue achieved. Total cash and bank balances amounted to RM59.3 million at the close of the financial year under review versus RM77.2 million a year ago.

Meanwhile, our total liabilities were at RM151.3 million vis-à-vis RM109.6 million as at end-FY2023. This was chiefly attributed to higher borrowings totalling RM96.9 million at the close the financial year under review as compared to RM73.7 million a year ago. On the other hand, total equity was lower at RM221.3 million as of 30 June 2024 versus RM236.8 million last year as a result of the net loss incurred in FY2024.

Gearing and Cash Per Share

As of 30 June 2024, the Group's gearing stands at 0.4 times with cash per share of 5.5 sen.

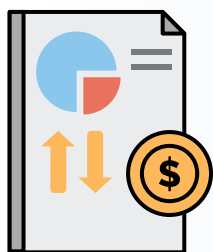
Balance Sheet Highlights as at 30 June 2024



Total Assets
RM372.6
million



Total Equity
RM221.3
million



Net Assets
20.5_{sen}
per Share



Cash
5.5_{sen}
per Share

Management Discussion & Analysis

ANTICIPATED OR KNOWN RISKS

Outlined below are the key risk factors related to our business. Our operations, financial performance, or future prospects may be adversely affected by these risks. It is important to note that these are not the only risks we encounter. There may be other risks that could potentially impact our business.

Customer Retention Risks in a Highly Competitive Market

The furniture industry is competitive and fragmented, with many players competing for new business in the global furniture trade. Many of our competitors offer similar categories of products. Pricing pressure could make it difficult for the Group to win new business with certain customers and within specific market segments at acceptable profit margins. The loss of business from one or more of our key customers in the U.S. may have an immediate and adverse impact on the Group's operational and financial performance. The Group's innovative product design and excellent customer service differentiate us in the marketplace. Through these strategies, we are working closely with our customers to resolve issues. With close cooperation, we strive to build long-term, sustainable relationships with our customers.

Competition for Production and Skilled Workers

Workforce shortage and retention of skilled workers are perennial issues within the industry. This scarcity poses a risk to our production and operational efficiency, potentially impacting our financial performance. To address this, we have been proactively integrating automation into our production processes to reduce reliance on manual labour and ensure smoother operations. For instance, we invested in new machines and equipment with greater levels of automation for our furniture manufacturing segment.

Disruption in the Supply of Raw Materials

The Group relies on external suppliers to provide on-time delivery of the various raw materials and logs for the manufacturing of furniture and processing and trading of timber. The availability and timeliness of deliveries of these materials are critical to our ability to meet customers' demands and will adversely affect our financial performance. We have put in place, as part of our production and risk management policy, raw materials buffers or reserves to accommodate temporary shortage or delivery disruption.

Environmental Regulations

As a responsible player in the furniture and wood-related industry, we adhere to stringent environmental regulations set forth by the authorities. We remain steadfast in our commitment to complying with all environmental laws and regulations, even if it entails additional costs. To minimise our environmental impact, we have proactively embraced sustainable forestry practices. Through these efforts, we strive to contribute positively to the environment while maintaining sustainable operations.

Operational Disruptions

The smooth and efficient operation of our manufacturing and processing facilities is crucial to our business. Any disruptions or unplanned shutdowns can have an adverse impact on our operations. As part of our risk management strategy, we have implemented insurance policies that provide coverage against fire and personal accidents for our workers. However, external risks beyond our control, such as natural disasters, pandemics, riots, and general strikes, may also negatively affect our operations.

Management Discussion & Analysis

Foreign Currency Exchange Rates

The Group engages in transactions involving various foreign currencies, including the United States Dollar ("USD"). This exposes us to foreign currency risks where unfavourable fluctuations in foreign exchange rates could negatively impact our financial performance. To address this risk, we actively manage our transactional currency exposure by closely matching receipts and payments. We also continuously monitor foreign exchange rate volatility and utilise hedging tools when necessary. These proactive measures aim to protect our company from the potential adverse effects of currency fluctuations, ensuring a stable financial position.

PROSPECTS

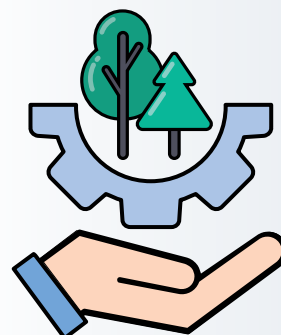
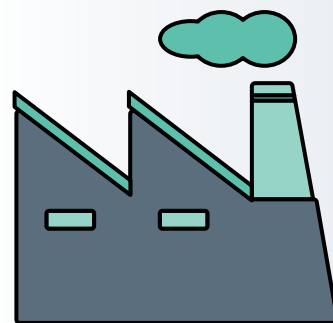
In the face of heightened global economic uncertainties, including sluggish growth in advanced economies, volatile financial markets, and lingering geopolitical tensions, we anticipate the challenging business environment to persist as we enter the new financial year.

At Sern Kou, we are mindful of the market uncertainties and demanding business operating conditions. The Group is continuing with its prudent approach as we grow the business and will continue taking steps to return to profitability. Our focus remains on the execution of our strategic initiatives, which include revenue base expansion, improving overall production efficiency, enhancing automation across our operations as well as implementing cost control measures.

Production at the rebuilt furniture manufacturing plant is expected to commence by end-FY2025. As for our sawmill operations and plywood manufacturing businesses under the processing and trading of wood division, we anticipate the healthy demand to sustain. Despite this positive outlook, we will continue to strengthen our credit risk management strategies.

Looking ahead, we remain optimistic about the Group's long-term prospects and we are confident that our strategic initiatives will deliver positive outcomes.

As we move forward, we continue to be enthusiastic about our environmental sustainability journey as a natural resources group. Sern Kou is committed to generating sustainable returns for shareholders while simultaneously fulfilling our role as a socially responsible organisation through the dedication to environmental stewardship. On that note, we are pleased to share that the sustainability initiatives made good headway in FY2024 and we anticipate further advancements in FY2025. For more in-depth elaboration on this, kindly refer to our Sustainability Statement section of this Annual Report.



Management Discussion & Analysis

APPRECIATION

In closing, I would like to extend my heartfelt thanks to the dedicated team at Sern Kou for their exceptional display of grit, adaptability and competency especially during such challenging period.

To our valued stakeholders, particularly our customers, shareholders, business partners, bankers and suppliers, my deep appreciation for your support, which has been instrumental towards our success and we look to continue strengthening these relationships.

Last but not least, I would like to acknowledge my fellow Board members for their professionalism and for being a joy to work with. Your insightful counsel and service to the Board have been invaluable. I have no doubts that our team, under the guidance of the Board, will help the Group forge ahead, overcome the present challenges and emerge stronger than before.



Sustainability Statement

ABOUT THIS REPORT

This annual Sustainability Statement ("SS2024") for Sern Kou Resources Berhad ("SKRB", "Sern Kou" or the "Group") covers the financial year ended 30 June 2024 ("FY2024"). It provides a detailed overview of SKRB's management of sustainability impacts across the Economic, Environmental, Social, and Governance ("EESG") pillars.

Basis of Scope, Boundary and Exclusion

The SS2024 aims to meet the sustainability information needs of our stakeholders, highlighting both the internal effects on the Group's value creation capacity and the external effects of our business activities on the environment and society for the period from 1 July 2023 to 30 June 2024 ("FY2024"), with comparative historical data presented where available.

As per the previous report, the scope of SS2024 includes the business activities of SKRB and its key subsidiaries, specifically:

- Sern Kou Furniture Industries Sdn. Bhd.
- S.K. Furniture Sdn. Bhd.
- Sern Kou Plywood Sdn. Bhd.
- Souncern Timber Sdn. Bhd.
- Valued Products (M) Sdn. Bhd.

Dormant entities, SK Sustainable Forestry Development Sdn. Bhd. and SK Biotech Sdn. Bhd., are excluded due to their negligible contribution to the Group's revenue and operations during the reporting period. Activities over which SKRB lacks direct control, such as outsourced operations, are also not covered but remain a focus for future governance and reporting enhancements.

Reporting Frameworks and Standards

SS2024 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
FTSE4Good Bursa Malaysia
("F4GBM") Index

WITH REFERENCE



Task Force on Climate-related
Financial Disclosures ("TCFD")

IN ALIGNMENT



International Sustainability Standards
Boards ("ISSB") Standards

WITH REFERENCE



United Nations Sustainability
Development Goals ("UNSDGs")

IN ALIGNMENT

Sustainability Statement

Determination of content for disclosure in the SS2024 adheres to GRI principles, and a GRI content index is published on the Group's investor relations portal.

Assurance and Feedback

The Board and Management provides their assurance that the SS2024 accurately reflects the Group's EESG performance, which has been verified internally by relevant business units and overseen by the Risk Management and Sustainability Committee ("RMSC"). Financial data which can be cross-referenced with the FY2024 Financial Statements has been independently audited by BDO PLT, while selected aspects of the SS2024 has been subjected to independent assurance to strengthen the credibility of the disclosures.

For comments or inquiries about this report, please contact:

Executive Director : Lee Shen Wang

Email : swlee@sernkou.com

Sern Kou Resources Berhad (519103-X)

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

Tel: +606-986 5562 Fax: +606-986 5570

Sustainability Statement

RMSC CHAIR'S MESSAGE ON SUSTAINABILITY

Dear Stakeholders,

At SKRB, sustainability is more than just a responsibility – it is the foundation of our long-term business success. As we navigate an increasingly complex global landscape, we recognise that addressing environmental, social, and governance (“ESG”) factors is essential to maintaining the trust of our stakeholders, ensuring operational resilience, and contributing positively to the communities and ecosystems in which we operate.

In FY2024, SKRB reaffirmed its commitment to responsible business practices through a comprehensive approach to managing sustainability impacts across the value chain. Guided by our ESG framework, we focused on strengthening our governance, deepening our environmental stewardship, and fostering an inclusive and safe workplace. Each of these pillars is aligned with our long-term strategic goals and supported by measurable targets, ensuring accountability and transparency in our performance.

FY2024 SUSTAINABILITY HIGHLIGHTS



770 Total Workforce
with 100% Permanent Staff



98.9% of Procurement Spend
for FY2024 directed to
Local Suppliers



Achieved 4 out of 4 (Excellent)
Customer Satisfaction Score
*up from 3 out of 4 (Good) in FY2023



Zero Incidents of
Product Recall



Zero Incidents of
ESG Non-Compliance



Zero Fatalities
among Employees
and Contractors

Sustainability Statement



12% Reduction in Total Energy Consumption
from 22,839.91GJ in FY2023 to 20,389.78GJ in FY2024



14.38% Reduction in Total Scope 1 & 2 Emissions
from 3,408.68 tCO₂e in FY2023 to 2,963.32 tCO₂e in FY2024



17,760 Litres Total Water Withdrawal,
down 52% from 26,976 Litres in FY2023



RM2,500 Donated to World Wide Fund ("WWF")
in support of Biodiversity and Climate Conservation



RM11,754 in Total Community Contribution
Directed to 2,145 Beneficiaries



1,469 Total Training Hours
as a Company with 25 Average Training Hours Per Employee

We have made significant progress in advancing our environmental objectives, particularly in the areas of resource conservation and climate action. This year, we successfully incorporated renewable energy into our operations, with 5% of our total electricity consumption of 4,041,842 kWh now sourced from solar power. In addition, we initiated the tracking and reporting of Scope 3 emissions related to business travel and employee commuting, further demonstrating our commitment to reducing our overall carbon footprint.

With emissions reduction targets now in place for Scopes 1 and 2, we are on track to contribute meaningfully to Malaysia's Net Zero aspirations, while simultaneously driving operational efficiency.

Furthermore, we continued to prioritise the sustainable sourcing of timber, with over 65% of our raw materials coming from renewable rubberwood plantations. Our support for biodiversity conservation is reflected as well in our donation to the World Wide Fund for Nature ("WWF"), which aligns with our business strategy of preserving the natural resources essential for our furniture manufacturing and wood processing operations.

SKRB remains committed to fostering an inclusive workplace where diversity is celebrated, and equal opportunities are afforded to all. In FY2024, we exceeded the 30% female representation target on our Board and continued to prioritise equitable talent training for our staff.

Beyond our workforce, SKRB is proud to support community initiatives that uplift vulnerable groups, such as our contributions to The Ghulam Hussein Ayaz Learning Center and other educational and welfare projects, with a total of 38 employee volunteering hours logged in our mission of giving back.

Sustainability Statement

Through it all, we have remained steadfast in upholding the highest standards of ethical conduct, transparency, and risk management. We also disclosed key ESG risks and opportunities in line with IFRS S1, and the Group's performance against established short- and long-term ESG KPIs and targets, ensuring greater alignment with global sustainability standards.

Sustaining the Journey Ahead

With clear policies in place to safeguard against corruption, ensure compliance with environmental regulations, and protect human rights across our supply chain, we are building a culture of integrity that reflects our core values.

As we look to the future, SKRB will continue to deepen its commitment to sustainability, ensuring that our ESG strategies not only drive sustainable value creation but also position us as a leader in responsible business practices. We will persist in identifying opportunities to innovate and enhance our impact, whether through technological advancements, stronger environmental initiatives, or a more engaged and diverse workforce.

Together, we will continue to build a sustainable future – one that benefits our business, our stakeholders, and the communities we serve.

Sincerely,

Mr Anderson Chua Oou Chuan

Chairman of Risk Management & Sustainability Committee

Sustainability Statement

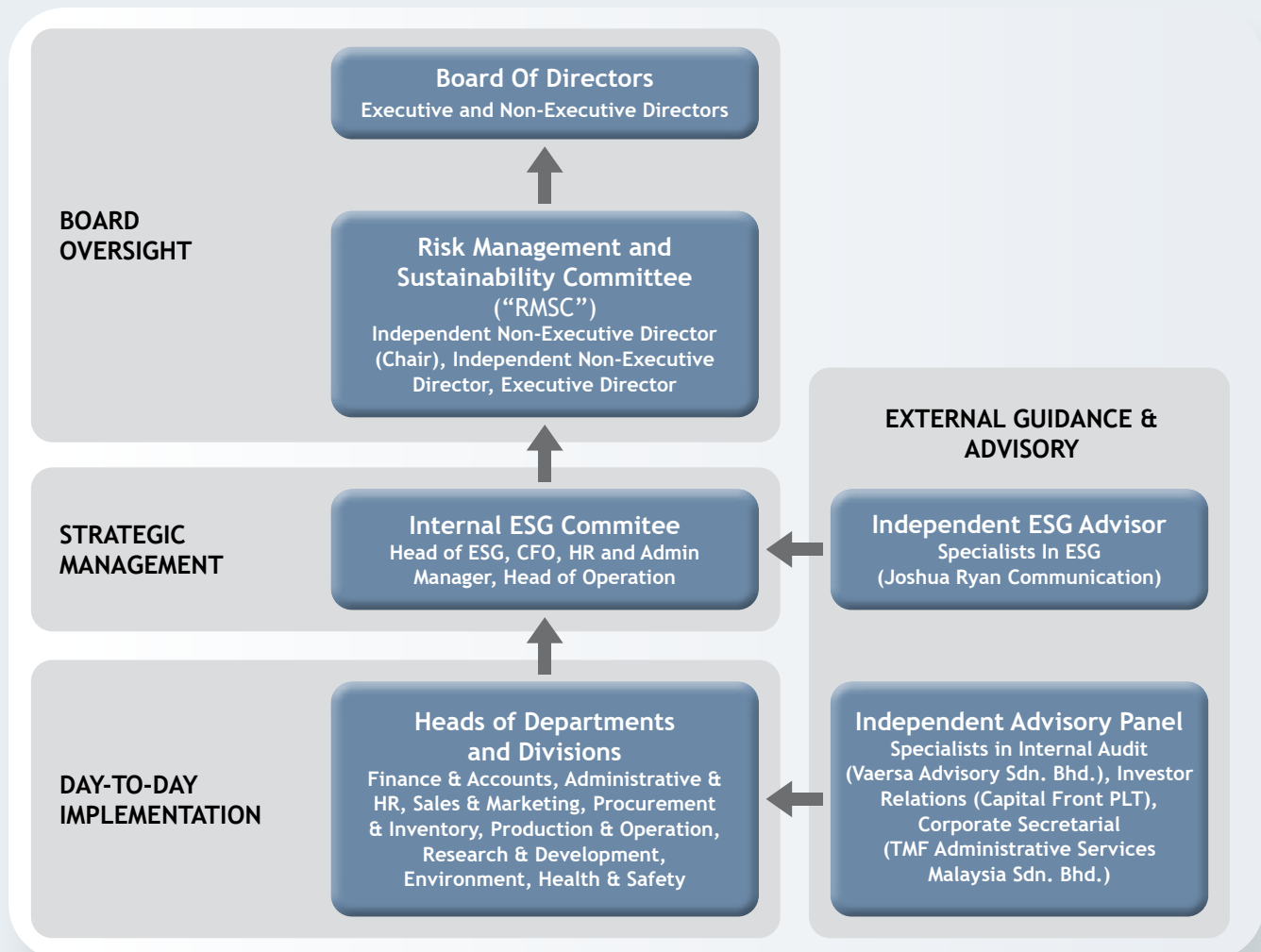
SUSTAINABILITY AT SERN KOU

Since inaugurating its sustainability journey in 2018, Sern Kou has progressively integrated sustainability into its core strategies, focusing on minimising negative environmental and social impacts while endeavouring to deliver sustainable value creation to all stakeholders. The Group manages energy, water, raw materials, and GHG emissions through stringent environmental monitoring, while upholding robust human rights and labour practices across its operations.

SKRB also prioritises risk management, addressing business, operational, financial, and climate-related risks to safeguard long-term value. With strong internal controls, responsible supply chain management, and a commitment to sustainability, SKRB aims to contribute positively to society and the environment for generations to come.

Sustainability Governance Structure

SKRB has established a comprehensive governance structure to drive its sustainability agenda, embedding EESG principles both within the organisation and across its value chain. The reporting structure, roles, responsibilities and composition is set out below.



Sustainability Statement

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 company's risk management framework and evaluates its effectiveness.
Risk Management and Sustainability Committee ("RMSC")	• Oversees the Group's sustainability strategy and related initiatives. • Supports the Board in sustainability and climate risk management and governance. • Monitors the implementation of sustainability governance protocols.
Internal ESG Committee	• Management of the Group's ESG strategy. • Coordinates sustainability efforts across departments and divisions. • Ensures effective execution of sustainability initiatives.
Heads of Departments and Divisions	• Implements ESG strategies within their respective areas. • Oversees the execution of sustainability initiatives in their departments
Independent ESG Advisor	• Provides guidance and expertise on best practices and industry standards in sustainability.
Independent Advisory Panel	• Advises Heads of Departments on ESG initiatives within their functions.

Sustainability Statement

Robust Sustainability Governance Policies

SKRB's sustainability agenda is underpinned by a robust suite of frameworks, policies, charters, codes, and terms of reference that formalise the Group's commitment to responsible business practices. These governance instruments undergo annual reviews to ensure their ongoing relevance and effectiveness, with new policies introduced as needed to strengthen SKRB's governance framework.

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

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

Board and Management Responsibility on ESG & Climate Change

The Board and Management recognise the significant influence that ESG and climate-related risks and opportunities can have on SKRB's cash flows, reputation, licence to operate, and access to financing. With the increasing integration of ESG and climate-risk considerations into investment and lending decisions, the Board and Management remain vigilant in their strategic oversight.

To maintain their proficiency in this evolving area, the Board and Management regularly participate in ESG briefings and training sessions. These efforts ensure they remain informed about developments in sustainability and their potential impacts on SKRB's business model and future prospects. The Board and Management also considers ESG and climate-related risks during their deliberations on the Group's business plans, strategies, and resource allocations.

In an effort to strengthen the Group's alignment with Practices 4.1 to 4.5 of the Malaysian Code on Corporate Governance ("MCCG") 2021, SKRB had in FY2024 adopted a set of ESG Key Performance Indicators ("KPIs") and targets to better manage and track the Group's sustainability performance. The Group is also exploring mechanisms to integrate performance against these ESG targets into the remuneration framework for senior management and the Board.

Sustainability Statement

STAKEHOLDER & MATERIALITY

SKRB is committed to understanding and addressing the wide range of impacts the Group's activities have on stakeholders and the environment, while simultaneously recognising the impact that stakeholders' decisions have on the SKRB's business. Hence, the Group's sustainability strategy hinges on effective stakeholder management grounded on continuous dialogue and collaboration, to ensure that the most pertinent EESG aspects are accurately identified, prioritised and effectively managed.

Stakeholder Engagement

The Group defines stakeholders as individuals or entities whose actions and decisions impact SKRB's business, as well as those affected by its activities.

SKRB employs a comprehensive stakeholder management strategy that utilises diverse engagement channels to effectively monitor, quantify, and address stakeholder concerns and expectations. The following overview details SKRB's stakeholder management approach, which remains unchanged from FY2023's disclosure.

STAKEHOLDER (PRIORITY: MANAGEMENT APPROACH)	ENGAGEMENT CHANNELS	ENGAGEMENT FREQUENCY	AREAS OF CONCERN & MATERIAL TOPICS	RELEVANT KEY PERFORMANCE INDICATORS
Customers <i>Critical: Manage Closely</i>	Regular visits	Ongoing	- Product Safety and Quality - Product and Brand Appeal - Ethical Business Conduct - Regulatory Compliance - Occupational Safety and Health ("OSH")	- Sales & service retention - Customer satisfaction score - Complaints received
	Compliance audit	Ongoing		
	Customer survey	Ongoing		
	Meeting	Ongoing		
	Exhibition	Ongoing		
Shareholders and Investors <i>Critical: Manage Closely</i>	Annual / Extraordinary General Meetings	Yearly/ Ad-Hoc	- Economic Profitability - Market Access and Access to Financing - Financial and ESG Risks Management - 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 <i>Very High: Keep Satisfied</i>	Appraisals	Yearly	- COVID-19 Pandemic - Occupational Safety and Health ("OSH") - Talent Management	- Employee hiring and turnover - Employee engagement and satisfaction levels - OSH performance
	Staff orientation	Ongoing		
	Open communication	Ongoing		
	Meetings	Ongoing		

Sustainability Statement

STAKEHOLDER (PRIORITY: MANAGEMENT APPROACH)	ENGAGEMENT CHANNELS	ENGAGEMENT FREQUENCY	AREAS OF CONCERN & MATERIAL TOPICS	RELEVANT KEY PERFORMANCE INDICATORS
Government and Regulatory Bodies <i>High: Keep Informed</i>	Correspondences	Ongoing	- Financial and ESG Risks Management - Regulatory Compliance - Market Access and Access to Financing - Community Development	- Incidence of regulatory non-compliance - Fines, penalties or warnings received
	Audit/ inspection	Ongoing		
	Training programmes and dialogues	Ongoing		
	Annual report	Yearly		
Vendors / Suppliers <i>High: Keep Informed</i>	Regular visits	Ongoing	- Operational Efficiency and Productivity - Resource Stewardship - Regulatory Compliance	- Procurement spend - Tender assessment - Compliance with SKRB's environmental and social policies
	Correspondences	Ongoing		
	Supplier evaluation & appraisal	Ongoing		
	Meeting and trade fairs	Ongoing		
Media <i>Medium: Monitor</i>	Corporate website	Ongoing	- Climate Change - Product and Brand Appeal - Economic Profitability	- Media coverage of products & services - Analyst coverage of SKRB's fiscal & share price performance
	Announcements & press releases	Ad-Hoc		
	Media briefings & media interviews	Ad-Hoc		
	Product launches and corporate events	Ad-Hoc		
Community / Public <i>Medium: Monitor</i>	Corporate website	Ongoing	- Community Development - Resource Stewardship - Energy Consumption - Water Consumption - Waste Management and Recycling - Occupational Safety and Health ("OSH")	- Quantum of community contributions and number of beneficiaries - Environmental performance indicators
	Social media	Ongoing		
	Community development programmes	Ad-Hoc		
NGOs and Opinion Leaders <i>Medium: Monitor</i>	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

TRADE MEMBERSHIP AND ENGAGEMENTS

SKRB actively engages with various professional organisations and industry associations to stay informed on market trends and promote sustainable industry practices. Through participation in these associations, SKRB collaborates with peers to drive innovation and support climate action initiatives.

The Group is committed to ensure that its climate policies are consistent with the positions taken by the trade associations that SKRB is a member of, including addressing any discrepancies where an association's stance is significantly weaker or contradictory to that of the Group.

ASSOCIATIONS	SKRB'S MEMBERSHIP AND CONTRIBUTION
Muar Furniture Association ("MFA")	SKRB's subsidiary SKFI is a longstanding member of MFA since May 1997. The Group actively supports the association's efforts and participates in initiatives to enhance craftsmanship standards within the Muar furniture community.
Malaysian Furniture Council ("MFC")	Joining in June 2008, SKRB's subsidiary SKFI contributes to the council's efforts in strengthening Malaysia's furniture industry, particularly in sharing sustainability and manufacturing best practices to enhance Malaysia furniture market's competitiveness globally.
The Timber Exporter's Association of Malaysia ("TEAM")	Through VPM's membership since January 2002, SKRB supports TEAM's initiatives focused on sustainable timber trade practices, including recent efforts to collaborate with Vietnam's timber industry.
Malaysian Timber Industry Board ("MTIB")	Since VPM and SKFI joined MTIB in January 2011 and March 2022 respectively, SKRB has ensured alignment with MTIB's mission to promote sustainable forest management and timber practices, contributing to Malaysia's broader sustainability goals.

Material Matters

Issues and concerns that have the greatest impact to SKRB's business and stakeholders are deemed material to the Group. Hence, SKRB is committed to conducting a full-scale materiality assessment every 3 to 5 years, and a limited-scale desktop review in the interim years, to ensure its sustainability focus remains aligned with evolving stakeholder expectations and business imperatives.

Sustainability Statement

MATERIALITY ASSESSMENT PROCESS

Step 1: Determining Scope of Assessment

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



Step 2: Identification and Categorisation of Topics

A list of 22 sustainability topics for assessment were 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:



SERN KOU RESOURCES BERHAD

Economic Topics

(factors responsible for the company's financial performance)

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

Environmental Topics

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

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

Social Topics

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

- Covid-19
- Occupational Health and Safety
- Talent Management
- Community Development

Governance Topics

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

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



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.



Sustainability Statement

Step 4: Materiality Analysis and Prioritisation

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



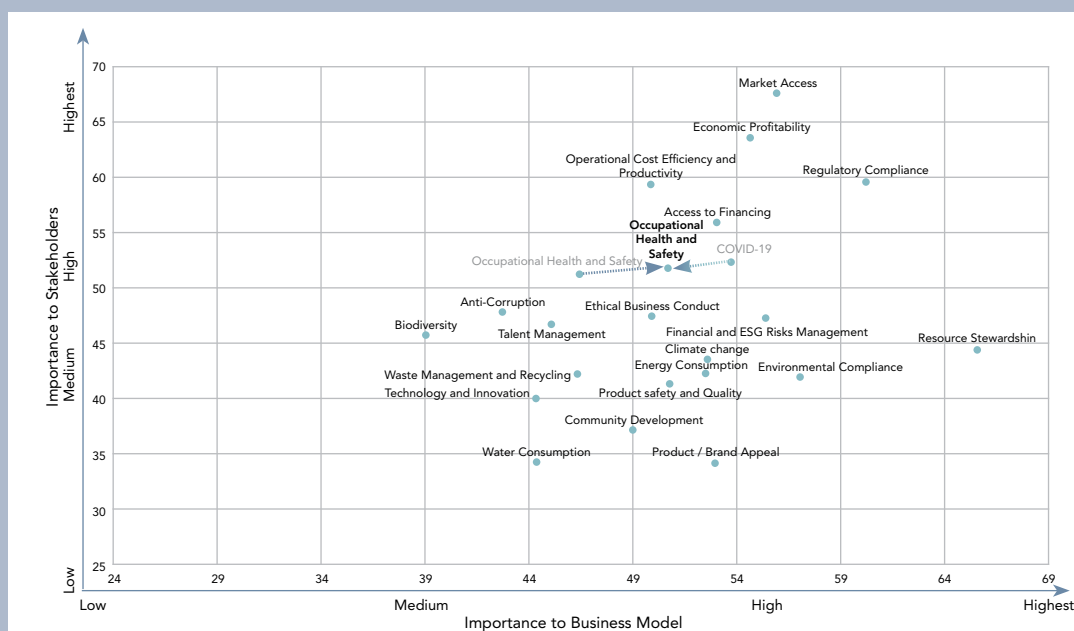
Step 5: Validation and Endorsement of Materiality Matrix

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

A limited desktop review of the material matters was undertaken during the SS2023 report preparation process, upon which the materiality matrix was updated to consolidate the "Covid-19" topic under "Occupational Health and Safety."

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

MATERIALITY MATRIX



Sustainability Statement

ESG FRAMEWORK

SKRB proudly presents its ESG Framework, which captures the Group's deep commitment to responsible business practices. This framework aligns SKRB's sustainability initiatives with globally recognised standards, encompassing every aspect of sustainability from stakeholder engagement and governance to integrating economic, environmental, social, and governance considerations into our business strategies to ensure long-term value creation for the Group and its stakeholders.

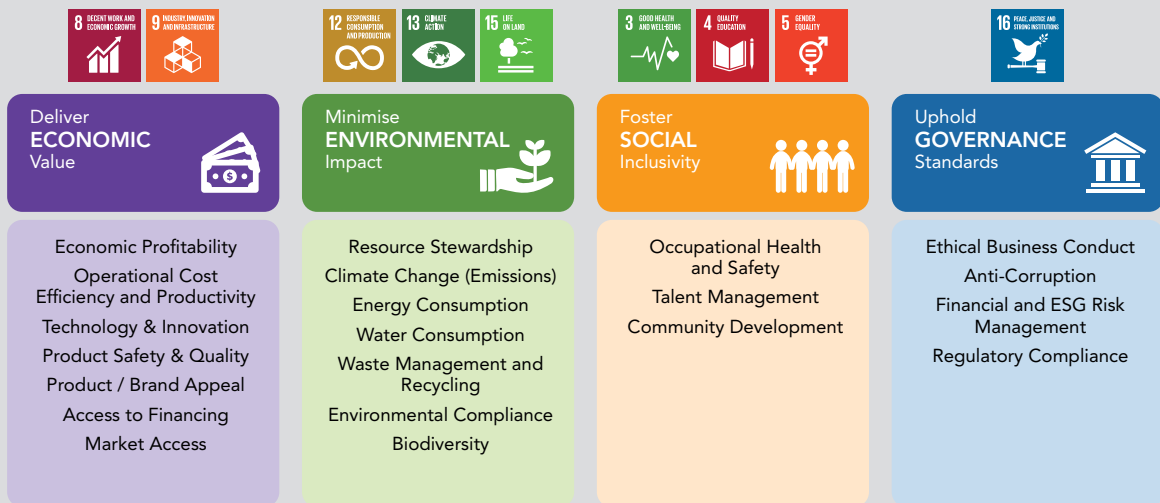


SERN KOU RESOURCES BERHAD

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



In Alignment with ESG Standards & Frameworks



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



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

Sustainability Scorecard

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

Material Topic	KPI	Target	Progress / Performance
Technology and Innovation	Implementation of SAP	100% by FY2024	● ● Due to inventory valuation and stock issues, the full rollout of SAP has been delayed to the second half of 2024 (Q2 FY2025). A new consultant has been engaged to address these challenges, and the revised timeline targets full implementation by the end of 2024. For the first half of FY2024, AutoCount figures will be used for audits.
Product Safety and Quality	Product recall rate	Zero incidents per annum	● ● ● Achieved.
	Product Defect Rate	Less than 15 defect incidents per annum	● ● ● Achieved with a total of 6 incidents in FY2024.
	ISO9001:2015 Certification	Annual Compliance	● ● ● Achieved compliance as per the audit conducted in April 2024.
Product / Brand Appeal	Customer Satisfaction Levels	At least 3 out of 4 per annum	● ● ● Achieved with Customer Satisfaction score of 4 out of 4 (Excellent).
	Customer Complaint Response Rate	100% of customers complaints received and responded within 2 working days	● ● Partial achievement. A total of 6 customer complains were received and resolved in FY2024. Response time averages 4.5 working days.
Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2024 against FY2023's baseline	● ● Partial achievement. With a total of 441.82 tCO₂e generated from 163,655 litres of diesel consumed in FY2024, SKRB achieved a 11.92% absolute reduction of Scope 1 emissions compared to FY2023, translating to a 0.90% reduction of Scope 1 emissions intensity over sales.

Sustainability Statement

Material Topic	KPI	Target	Progress / Performance
Climate Change (Emissions)	Scope 2 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2024 against FY2023's baseline	● ● ● Achieved. With a total of 2,111.82 tCO₂e generated from 3,832,708 kWh of grid electricity consumed in FY2024, SKRB achieved a 14.88% absolute reduction of Scope 2 emissions compared to FY2023, translating to a 4.22% reduction of Scope 2 emissions intensity over sales.
	Total Scope 1 & 2 Carbon Emissions Intensity over Sales (tCO ₂ e/RM'mil)	5% Reduction in FY2024 against FY2023's baseline	● ● Partially achieved. SKRB recorded 2,553.64 tCO₂e in total Scope 1&2 emissions in FY2024, translating to 7.55 tCO₂e/RM'mil in emissions intensity over sales. Compared to the 7.84 tCO₂e/RM'mil in Scope 1&2 emissions intensity recorded in FY2023, this represents a 3.66% reduction in Total Scope 1&2 emissions intensity, whereas absolute Scope 1&2 emissions reduction stands at 14.38%.
Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	Adopt Solar Power by FY2024	● ● ● Achieved. 2 out of 7 Business Units have commenced using solar generated energy.
	Progressive Adoption of Renewable Energy ("RE")	5% RE Adoption for electricity in Group Operations by FY2024; 40% RE by FY2030	● ● ● Achieved with 5% of Electricity Consumed in FY2024 from renewable sources. On track towards long term target of 40% RE adoption by FY2030.
Water Consumption	Water Consumption Intensity over Total Operational Area (m ³ /sqft)	3.5% Reduction by FY2030 against FY2023's baseline	● ● Water intensity reduced by 2.4% in FY2024 against the baseline with a total of 17,760 m³ water consumed over 749,199 sqft of total operational area. On track towards achievement.
	Effluent discharge and water pollution non-compliance	Zero incidents per annum	● ● ● Achieved.
		Zero fines per annum	● ● ● Achieved.
Waste Management and Recycling	Recycled / Repurposed Waste	100% waste diverted from disposal per annum	● ● ● Achieved with 13,478 tonnes of waste generated and diverted from disposal.

Sustainability Statement

Material Topic	KPI	Target	Progress / Performance
Environmental and Social Compliance	Incidents of legal non-compliance on environmental pollution leading to fines or non-monetary action from authorities	Zero incidents per annum	● ● ● Achieved.
	Major and minor spills and air pollution incidents	Zero incidents per annum	● ● ● Achieved.
	Substantiated complaints related to environmental pollution from neighbouring communities	Zero complaints per annum	● ● ● Achieved.
	Substantiated cases of human rights violation (including child labour and forced labour)	Zero cases per annum	● ● ● Achieved.
Occupational Health and Safety	Number of Fatalities	Zero fatalities per annum	● ● ● Achieved.
	Number of Lost Time Injury ("LTI")	Less than 5 LTI incidents in FY2024	● ● Partially achieved with a total of 5 LTI incidents recorded in FY2024.
Talent Management	Employee Training Hours	At least 33 training hours per employee on average annually	● ● Partially achieved with a total of 25 training hours per employee on average in FY2024.
	Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	● ● ● Achieved with women representing 46% of managerial staff and 70% of executive staff in FY2024.

Sustainability Statement

Material Topic	KPI	Target	Progress / Performance
Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM10,000 in FY2024	• • • Achieved with a total contribution of RM11,754 in FY2024.
	Employee Volunteerism	To track employee volunteer hours by FY2024	• • • Achieved with total employee time spent on community impact programmes recorded as 38 hours.
Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	• • • Achieved.
	Employee Acknowledgement of ABAC Policy	100% by FY2024	• • • Achieved.
	Vendor Acknowledgement of ABAC Policy	20% by FY2024	• • • Achieved with 112 out of 272 (41%) vendors that have acknowledged compliance with ABAC Policy.
Financial and ESG Risk Management	Risk Assessment and Review Conducted at the Group Level	Annual compliance	• • • Achieved. Risk assessment conducted in November 2023.
	Regular Review and Tender of External Auditors	Once every five years	• • • On track to achievement. Auditor's engagement is scheduled for review in the Audit Committee and Board meetings in October 2024. The pervious review was conducted on 18 October 2023.
Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	• • • Achieved.

Sustainability Statement

UPHOLD GOVERNANCE STANDARDS

Governance is fundamental to SKRB's sustainability efforts, embodying the Group's commitment to ethical conduct, integrity, and accountability as the foundation for professional excellence and high performance. Strong corporate governance is crucial for effective risk management, compliance with regulations, and the mitigation of both financial and ESG-related risks. By upholding these standards, SKRB ensures that all aspects of our operations align with our sustainability goals and contribute to long-term value creation.

Material Topics:

Ethical Business Conduct

Anti-Corruption

Financial and ESG Risk Management

Regulatory Compliance

UNSDG Alignment:

Goal 16: Peace, Justice and Strong Institutions

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



Ethical Business Conduct

The Group's Code of Conduct ("COC") serves as a cornerstone of integrity, guiding both internal and external stakeholders on expected corporate behaviours. It outlines ethical guidelines for the Board of Directors, and complements supporting policies such as the Director's Fit and Proper Policy and the Related Party Transaction Policy in addressing issues such as conflicts of interest and procedures for reporting unethical activities. The expected behaviours outlined in the COC are cascaded down to Management, employees, and vendors as well, while an employee handbook is in development to outline the same for all Group staff.

Employees are encouraged to report any concerns about potential breaches of the Code, with the assurance that all reports are investigated promptly, confidentially, and impartially. The Board monitors compliance, ensuring that investigations are conducted with professionalism and transparency. Officers are required to fully cooperate with these investigations and any resulting corrective actions. In instances where external investigations are necessary, officers are expected to cooperate fully and avoid interfering with any lawful inquiry.

During the year under review, SKRB recorded zero substantiated claims or incidents of non-compliance with the Code. The COC is reviewed periodically to ensure its relevance and effectiveness in addressing both existing and emerging ethical concerns.

Sustainability Statement

BOARD COMPOSITION AND INTEGRITY

As the supreme governing body, SKRB's Board oversees corporate governance and ethical business conduct across the Group. Actions taken to foster trust and uphold ethical standards in the Group include:



Appointed a separate Independent Non-Executive Director as Chairman to lead the Board, who is not the CEO or MD of the Group.



Appointed an Independent Non-Executive Director who is a member of the Malaysian Institute of Accountants as the Chair of the Audit Committee.



Appointed a fully non-executive Audit Committee with all independent members, and a Nomination and Remuneration Committee with a majority of independent non-executive members.



Ensured Directors who has an interest in a transaction abstains from deliberation and voting on the relevant resolution.



Ensured that the Board reviews conflicts of interest and Related Party Transactions ("RPTs") on a quarterly basis.



Guaranteeing shareholders right to vote on Director appointment, dismissal, and fees in the Company Constitution.



Ensured that the Company's sustainability strategies, priorities and performance are communicated to its internal and external stakeholders.

Sustainability Statement

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

Descriptions	FY2022	FY2023	FY2024
Number of Board of Directors	10	8	8
Number of Independent Directors on the Board	6	4	4
Number of Women on the Board	3	3	3
% of Independent Directors on the Board	60.0%	50.0%	50.0%
% of Women on the Board	30.0%	37.5%	37.5%

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

FAIR MARKETPLACE PRACTICES

SKRB is committed to responsible procurement, prioritising fairness, transparency, and the support of local vendors in Malaysia. This approach not only strengthens relationships with suppliers but also stimulates local economic growth.

Local Procurement Data	FY2022	FY2023	FY2024
Total Procurement Spend (RM'000)	281,448.9	330,755.8	436,182.4
Total Local Procurement Spend (RM'000)	267,663.2	329,069.2	435,836
Percentage of Local Procurement Spend	95.10%	99.49%	99.92%
Total Number of Suppliers	298	302	272
Total Number of Local suppliers	282	295	269
Percentage of Local Suppliers	94.63%	97.68%	98.90%

Sustainability Statement

Procurement activities at SKRB are managed by the respective business segments while adhering to strict ISO-aligned standards. An annual review evaluates 25 selected suppliers on criteria such as pricing, delivery, quality, and financial stability to ensure alignment with SKRB's high standards.

Supplier Performance*	FY2020	FY2021	FY2022	FY2023	FY2024
Reliable	25	25	25	25	25
Acceptable	0	0	0	0	0
Unreliable	0	0	0	0	0
Total Number of Suppliers	25	25	25	25	25

* Annual assessment is performed on 25 selected suppliers

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

SKRB's Supplier and Sourcing Commitment Statement

SKRB is 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.
- **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:** Guaranteeing a minimum or living wage to meet employees' basic needs.
- **Health and Safety Standards:** Maintaining high safety standards to protect employee well-being across the supply chain.

Sustainability Statement

Anti-Corruption

SKRB maintains a zero-tolerance policy towards all forms of bribery and corruption. This commitment has been clearly outlined in the Group's Anti-Bribery and Anti-Corruption ("ABAC") Policy, implemented on 27 May 2020, that aligns with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018. The ABAC Policy clearly defines corrupt actions, and covers corruption comprehensively including bribery, facilitation payments, giving and receiving gifts and hospitality, political donations, and guidelines on other donations and sponsorships. It strictly prohibits such behaviour across all levels of the Group, including external interactions involving agents, employees, and vendors. Compliance with the ABAC Policy is mandatory for all Directors, staff, and intermediaries. Non-compliance may lead to penalties and disciplinary action including termination and legal action.

The Board of Directors, as the highest governing body, oversees ABAC Policy implementation within the Group. To reinforce understanding, SKRB conducted an awareness training for all existing personnel in FY2023, and previously in FY2020, covering the Group's comprehensive stance and protocols on anti-bribery and anti-corruption in all its forms. Ongoing training and regular reminders are also provided to existing employees, while training on SKRB's ABAC Policy forms part of the orientation process for all new employees and Directors.

In FY2024, SKRB has begun to require third-party vendors to acknowledge compliance with the Group's ABAC Policy, targeting 20% vendor acknowledgement by FY2024 to progressively achieve 100%. Additionally, the Group is formulating due diligence protocols to assess potential bribery and corruption risks during the tender process for new business partners.

SKRB has not made any political contributions in FY2024. Detailed information on SKRB's Anti-Corruption performance is provided in the table below:

Anti-Corruption Data	FY2022	FY2023	FY2024
Total number of operations assessed for risks related to corruption	0	0	0
Percentage of operations assessed for risks related to types corruption	0	0	0
Number of corruption risk assessments based on types of corruption, including bribery	0	0	0
Significant risks related to corruption identified through the risk assessment	0	0	0
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to by employee category:			
i) Directors	0%	50%	100%
ii) Managerial staff	0%	10%	100%
iii) Executive staff	0%	52%	100%
iv) Operational staff	0%	1%	100%

Sustainability Statement

Anti-Corruption Data	FY2022	FY2023	FY2024
Number and Percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken up by type of business partner.	0 (0%)	0 (0%)	112 (41%)
Percentage of directors who have received training on anti-corruption	0	100% (Restated)	100%
Number and percentage of employees that have received training on anti-corruption by employee category:			
i) Managerial staff	0 (0%)	2 of 20 (10%)	0 (0%)*
ii) Executive staff	0 (0%)	14 of 27 (52%)	0 (0%)*
iii) Operational staff	0 (0%)	8 of 624 (1%)	0 (0%)*
iv) Total Employees	0 (0%)	24 of 671 (4%)	0 (0%)*
Number of hours of training on anti-corruption:			
i) Directors	0	8	0
ii) Managerial staff	0	4	0
iii) Executive staff	0	28	0
iv) Operational staff	0	16	0
Total training hours	0	64	0
Total number of confirmed incidents of corruption	0	0	0
Nature of confirmed incidents of corruption	-	-	-
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption	0	0	0
Public legal cases regarding corruption brought against the organization 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

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

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

Sustainability Statement

WHISTLEBLOWING

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

The Audit Committee oversees the whistleblowing process, ensuring that all reports are thoroughly investigated and appropriate actions are taken that reflect the gravity of the transgressions. In FY2024, no reports were received through this channel.

Financial and ESG Risk Management

The Board of SKRB, through the Risk Management and Sustainability Committee ("RMSC"), upholds its fiduciary duty to safeguard the Group's profitability by efficiently managing both financial and ESG risks, including those related to climate change. These risks have the potential to impact the Group's ability to generate long-term financial value.

A key element of SKRB's ESG risk management strategy is the annual materiality assessment, which identifies, evaluates, and prioritises material ESG topics, ensuring the Group remains responsive to emerging risks and opportunities, particularly those associated with climate change.

To strengthen risk management efforts, SKRB engages an outsourced Internal Auditor to conduct risk assessments and reviews at the Group level, with regular solicitation of proposals for new audit firms at least once every five years. The Group Risk Register is actively maintained and periodically updated to include emerging ESG risks such as climate-related risks. While the financial impacts of climate change are not yet fully integrated into the Group's budget, SKRB is progressing towards this goal through the adoption of the Task Force on Climate-related Financial Disclosures ("TCFD") framework.

The Group is also committed to enhancing the accuracy and transparency of its climate-related and socio-economic disclosures, progressively incorporating more detailed data on economic, environmental, social, and governance topics in the annual sustainability statements. This transparency is vital to maintaining the confidence of investors, lenders, insurers, customers, and other stakeholders.

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.

Sustainability Statement

ESG RISK AND OPPORTUNITIES

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

Material Matters	Risks	Opportunities	Capitals Impacted
ECONOMIC			
Economic Profitability	Poor management of profitability could lead to reduced financial resilience and the inability to meet shareholder expectations, limiting SKRB's ability to invest in growth.	Effective management of profitability ensures financial stability, enabling SKRB to reinvest in its operations and capture new growth opportunities.	
Operational Cost Efficiency and Productivity	Inefficient operations could lead to higher costs and lower productivity, reducing competitiveness and profit margins.	Proactively optimising operational processes can drive cost savings and increase productivity, leading to better financial performance and competitive advantage.	
Technology and Innovation	Failing to adopt new technologies could result in outdated processes and reduced market relevance, limiting growth.	Leveraging innovation and advanced technologies can improve operational efficiency, reduce costs, and open up new market opportunities through enhanced products.	
Product Safety and Quality	Poor product quality or safety standards could lead to recalls, legal penalties, and damage to SKRB's brand reputation.	Maintaining high product safety and quality standards can strengthen brand loyalty, drive customer satisfaction, and increase market share.	
Product/ Brand Appeal	A lack of differentiation or market relevance could result in diminished brand value and customer attrition.	Enhancing product and brand appeal through innovation and quality can attract new customers, increase sales, and build long-term brand equity.	
Access to Financing	Inadequate financial management or weak ESG performance could limit access to capital or increase the cost of borrowing.	Strong financial management and alignment with ESG principles can open up access to green financing and attract socially responsible investors, supporting long-term growth.	

Sustainability Statement

Material Matters	Risks	Opportunities	Capitals Impacted
ECONOMIC			
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.	
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 greenhouse gas emissions, and vulnerability to fluctuations in energy prices.	Investing in energy-efficient technologies and renewable energy can reduce costs, improve sustainability performance, and provide long-term energy security.	
Water Consumption	Excessive water usage or wastage incur unnecessary costs, and results in potential reputational damage due to unsustainable practices.	Efficient water management can reduce operational risks, lower costs, and enhance SKRB's environmental credentials by conserving a vital resource.	
Waste Management and Recycling	Poor waste management could lead to regulatory fines, environmental damage, and reputational harm due to non-compliance with waste regulations or excessive waste generation.	Effective waste management and recycling can reduce environmental impact, lower costs associated with waste disposal, and enhance SKRB's reputation as a sustainable business.	

Sustainability Statement

Material Matters	Risks	Opportunities	Capitals Impacted
ENVIRONMENTAL			
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 license 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

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

Sustainability Statement

Regulatory Compliance

SKRB has established robust internal mechanisms to ensure strict compliance with all applicable laws, regulations, and policies in the jurisdictions where it operates. Adhering to these regulations is crucial to avoiding fines, sanctions, or the loss of necessary operating licenses.

In FY2024, SKRB maintained an exemplary compliance record, with no fines or regulatory actions related to environmental, socio-economic, corporate governance, or anti-corruption issues.

Regulatory Compliance	FY2022	FY2023	FY2024
Has the company and / or subsidiaries been fined or censured for any environmental non-compliance?	No	No	No
Has the company and / or subsidiaries been fined or censured for any socioeconomic non-compliance?	No	No	No
Incidents of non-compliance with regulations resulting in a fine or penalty;	0	0	0
Incidents of non-compliance with regulations resulting in a warning;	0	0	0
Total monetary value of significant fines;	0	0	0
Total number of non-monetary sanctions;	0	0	0
Cases brought through dispute resolution mechanisms.	0	0	0

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

AGM	FY2021	FY2022	FY2023
AGM Notice Filing Date (DD-MM-YYYY)	27-10-2021	27-10-2022	26-10-2023
AGM Date (DD-MM-YYYY)	25-11-2021	25-11-2022	24-11-2023
No. of days between the date of notice and date of meeting	30	30	30

Note: Please refer to page 93 of this Annual Report for the FY2024 Notice of AGM.

Sustainability Statement

DATA PRIVACY

SKRB places the highest priority on safeguarding customer data, particularly sensitive and confidential information, in compliance with the Personal Data Protection Act 2010 ("PDPA"). The Group remains vigilant in protecting data privacy by implementing robust cybersecurity measures, including fail-safe systems, monitoring tools, and response mechanisms to address potential breaches.

In FY2024, SKRB fully adhered to the PDPA, with no substantiated complaints or incidents related to customer data breaches or losses. Any misuse of data by SKRB employees is met with strict disciplinary action, reinforcing the Group's commitment to ethical business practices and regulatory compliance.

PDPA	FY2022	FY2023	FY2024
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

DELIVER ECONOMIC VALUE

SKRB's sustainability strategy is anchored in delivering long-term economic value by focusing on key areas critical to our business and stakeholders. This includes ensuring economic profitability and operational cost efficiency, leveraging technology and innovation to boost productivity, and maintaining the highest standards of product safety and quality. Additionally, SKRB is committed to enhancing product appeal, securing market access, and ensuring robust access to financing. These efforts collectively contribute to SKRB's sustainable economic value creation ability and reinforce SKRB's position as a responsible and competitive business.

Material Topics:

Economic Profitability

Operational Cost Efficiency and Productivity

Technology and Innovation

Product Safety and Quality

Product/ Brand Appeal

Access to Financing

Market Access

Sustainability Statement

UNSDG 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

As a publicly traded company, SKRB is committed to sustaining profitability to deliver consistent returns for shareholders. Maintaining strong financial health and robust business performance is crucial to the Group's overall sustainability.

Beyond generating profits, financial strength is essential for supporting SKRB's ESG objectives. Sustainable economic value creation enables us to continue investing in local communities by prioritising local procurement, hiring local talent, and fulfilling tax obligations. These efforts contribute to the advancement of local industries and enhance the overall quality of life in the communities where we operate.

A summary of the economic values generated, distributed, and retained by SKRB over the past three years is provided below.

Indirect Economic Values Created (RM)	FY2022	FY2023	FY2024
Economic Value Generated	338,266,278	380,631,726	493,769,301
Economic Value Distributed	312,445,406	358,683,166	467,143,823
a) Total monetary value / spend on procurement	281,448,929	330,755,835	436,182,436
b) Total payout to employees in salaries and benefits	23,143,099	23,113,470	28,744,367
c) Taxes paid to government	7,853,378	4,813,861	2,217,020
d) Repayments to Financiers	NIL	NIL	NIL
e) Dividend Returns to Shareholders	NIL	NIL	NIL
Economic Value Retained	25,820,873	21,948,560	26,625,478

Operational Efficiency and Productivity

Operational efficiency and productivity are central to SKRB's business strategy and sustainability efforts. Streamlined operations not only bolster financial strength but also reduce environmental and social impacts, reinforcing SKRB's reputation as a responsible industry leader.

Sustainability Statement

SKRB is committed to achieving peak operational performance through continuous investment in sustainable practices and equipment upgrades. Since the expansion of the Group's sawmill production capacity from 36,000 tonnes in FY2020 to approximately 80,000 tonnes with the progressive addition of 4 production lines, the Group has focused its efforts on efficient resource use and accurate tracking of environmental data to support further improvements in operational efficiency and productivity.

The Group has also begun tracking operational efficiency and production, achieving a 98% operating efficiency over total revenue in FY2024.

Technology And Innovation

In the fast-evolving furniture manufacturing industry, technology and innovation are vital for SKRB's differentiation and sustainability. By investing in advanced technologies, SKRB enhances production capacity, optimises efficiency, and develops sustainable products that add value to stakeholders.

The momentum gained during the pandemic has continued into FY2024, driving SKRB's digital transformation. The Group focuses on automating processes, modernising machinery, and enhancing customer engagement to boost manufacturing capability, improve safety, and reduce waste – key areas that will remain central to SKRB's strategy moving forward.

Product Safety and Quality

SKRB's financial success is closely tied to the sustained trust of its customers, who rely on the Group for quality and safe products. Ensuring product safety and reliability is crucial not only for customer well-being but also for safeguarding SKRB's reputation. The marketing department, under the marketing manager, oversees quality control and customer relationship management.

SKRB employs a rigorous Quality Management System ("QMS") aligned with ISO9001:2015 principles, supported by a comprehensive Quality Policy and standard operating procedures across its manufacturing facilities. These measures are bolstered by frequent quality assessments, and the Group has set a target to ensure annual compliance of its QMS with the ISO standard.

Additionally, SKRB's products are independently accredited for compliance with FSC 100%, FSC Mix, and FSC Controlled Wood certifications, allowing applicable products to bear the prestigious FSC and Responsible Forestry Certified labels.

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



Sustainability Statement

In FY2024, SKRB maintained an impeccable record, receiving zero complaints related to product safety and quality, with no incidents of product health and safety breaches or recalls over the past three years.

Product Safety	FY2022	FY2023	FY2024
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 vital to its revenue generation and brand credibility. The Group is committed to maintaining product excellence and customer satisfaction, key drivers of competitive advantage and brand recognition in the marketplace.

SKRB engages frequently with customers to understand evolving preferences, facilitated by the sales and marketing team through various channels. Additionally, an annual customer satisfaction survey provides structured feedback, enabling SKRB to refine its offerings and build long-term customer relationships.

Customer Satisfaction	FY2022	FY2023	FY2024
Customer Satisfaction Scores * (1 = Poor; 2 = Fair; 3 = Good; 4 = Excellent)	3 out of 4* (Good)	3 out of 4* (Good)	4 out of 4* (Excellent)
Customer complaints received	17	11	6
Customer complaints resolved	17	11	6

In FY2024, the Group has set a target to attain customer satisfaction scores of at least 3 out of 4 per annum and to reduce the number of customer complaints, as well as ensuring customer responsiveness within 2 days of complaints received. The Group is pleased to note the progressive improvement on all fronts in FY2024.

Looking forward, SKRB remains focused on evolving and innovating its product range based on customer insights, aiming to boost satisfaction, encourage repeat business, and sustain demand.

Sustainability Statement

Access to Financing

Access to sufficient and cost-effective financing is vital for SKRB, shaping the Group's capacity for strategic planning, operational expansion, and sustainable growth. As a publicly listed entity, SKRB primarily relies on three main channels for capital infusion: equity contributions from shareholders and investors, revenue from the sale of products and services, and borrowing from financial institutions.

The Group is acutely aware of the factors influencing its ability to secure financial resources on favourable terms, including its business performance, financial health, leadership expertise, and external conditions like market trends, interest rates, and credit terms. Additionally, the prominence of ESG performance and climate risk in Malaysia's financial landscape is increasingly affecting access to capital. Institutional investors are benchmarking investment decisions against a company's ESG metrics, and Bank Negara Malaysia is promoting the integration of climate considerations into lending and investment strategies. Companies with strong ESG credentials may gain a competitive edge, particularly when seeking a share of the RM10 billion in sustainable Sukuk for socially responsible or environmentally-friendly projects.

Furthermore, the availability of collateral and adherence to regulatory requirements play a significant role in securing financing. Any shortcomings in these areas could hinder the Group's ability to access capital markets or secure loans, affecting both short-term operations and long-term goals. The RMSC diligently monitors and mitigates these risks, ensuring SKRB's ongoing ability to obtain the necessary financing to meet its current and future objectives.

Market Access

SKRB exports its products to over 20 countries worldwide, emphasising strong relationships with international clients by customising its high-quality wooden furniture to meet diverse market preferences. This approach secures sustained demand and access to high-value markets, supporting the Group's long-term growth.

To maintain market access, SKRB meticulously manages resource allocation, production scheduling, and shipping timelines. The sales team actively seeks new opportunities in promising markets, conducting thorough due diligence on the political, economic, social, technological, legal, and environmental risks associated with each market.

Relevant operating licenses are maintained in key markets, as detailed below:

Type of License / Certification	Issued by	License / Certificate ID No.	Valid until
New Bedding License Certificate	Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Occupational and Industrial Safety	06177	30 Jul 2025
Bedding, Upholstered Furniture and Stuffed Toy Registration License	State of Ohio, Department of Commerce, Division of Industrial Compliance	CA 37420 MY	30 Sep 2024

Sustainability Statement

Type of License / Certification	Issued by	License / Certificate ID No.	Valid until
Manufacturer of Bedding and/or Upholstered Furniture Permit	State of Utah Department of Agriculture and Food	1101-21999	31 Dec 2024
Manufacturer of Bedding and Upholstered Furniture	State of Connecticut Department of Consumer Protection	MFG. CA.00374203. (MY)	30 Apr 2025
Manufacturer	Virginia Department of Health, Department of Health, Bedding and Upholstered Furniture Program, Commonwealth of Virginia	15544	31 Aug 2025
Importer	State of California Department of Consumer Affairs, Bureau of Household Goods and Services	IMP133670	31 Oct 2024
New Bedding License Certificate	Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Occupational and Industrial Safety	06177	31 Jul 2025
Manufacturing of FSC 100% and FSC Mix Furniture, and FSC 100%, FSC Mix and FSC Controlled Wood Parts of Furniture, Using Transfer Syst	Bureau Veritas Certification	MY009273/1	15 Nov 2027
FSC 100%, FSC Mix, FSC Controlled Wood Parts of Furniture	SCS Global Services	SCS-COC-006973	29 Sep 2024
Certification for Chain-of-Custory	Platinum Shauffmantz Veritas	PSV-PEFC-COC-101024	14 Jan 2027

SKRB neither exports to nor conducts production activities in any of the 20 countries ranked lowest on Transparency International's Corruption Perception Index

Sustainability Statement

MINIMISE ENVIRONMENTAL IMPACT

Effective environmental stewardship is fundamental to SKRB's sustainability strategy, given the Group's reliance on natural resources for furniture manufacturing. Recognising the environmental impacts inherent in our operations, SKRB adopts a precautionary approach to minimise adverse effects on the environment. This includes responsible management of resources, energy use, emissions, water consumption, waste management, and recycling practices.

SKRB is committed to combating climate change and protecting biodiversity by implementing eco-friendly practices and ensuring compliance with all relevant environmental regulations. By prioritising sustainable operations, SKRB aims to reduce its environmental footprint while continuing to deliver quality products that resonate with our commitment to responsible business practices.

Material Topics:

Resource Stewardship

Climate Change (Emissions)

Energy Consumption

Water Consumption

Waste Management and Recycling

Environmental Compliance

Biodiversity

UNSDG 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.



Biodiversity

Biodiversity is of critical importance to SKRB, given the Group's wood processing operations located within gazetted production forests and its reliance on raw wood materials for furniture production. Understanding the broader ecological impacts of biodiversity loss, including potential threats to food security and planetary health, SKRB is committed to minimising its environmental footprint and avoiding negative impacts on natural habitats, flora, fauna, and particularly species listed on the International Union for Conservation of Nature ("IUCN") Red List of Threatened Species.

To mitigate the effects of its operations on biodiversity, SKRB has prioritised responsible sourcing practices for its raw wood materials and traded wood products. Biodiversity considerations have been integrated into the Group's annual ESG assessment, reinforcing its strategic focus on managing biodiversity-related challenges.

Sustainability Statement

SKRB demonstrates its commitment to resource stewardship by sourcing over 65% of its timber from renewable rubber wood plantations, with additional timber needs met through areas officially sanctioned by the Forestry Department (Jabatan Perhutanan). The Group also embraces a circular approach by repurposing wood by-products into valuable secondary goods, while implementing measures to reduce waste and effluent outputs, thereby minimising potential downstream pollution that could harm biodiversity.

Resource Stewardship

SKRB recognises that its operations demand significant natural resources, which can impact local biodiversity and contribute to broader climate change trends. In response, SKRB is committed to responsible resource stewardship, focusing on optimising material efficiency in its furniture production processes.

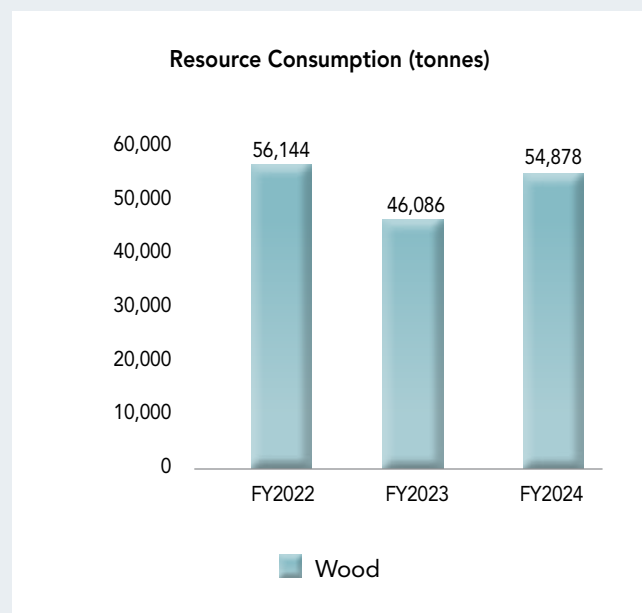
A key element of this commitment is the use of sustainable materials, with over 65% of the Group's furniture crafted from rubber wood – a renewable resource derived from latex-tapping trees at the end of their productive lives. This approach reduces pressure on old-growth forests and promotes the use of fast-growing, renewable timber.

For additional timber needs, SKRB ensures responsible procurement by sourcing from areas approved by the Jabatan Perhutanan, adhering to best practices in environmental management and prohibiting the use of wood from species listed on the International Union for Conservation of Nature ("IUCN") Red List of Threatened Species.

Furthermore, SKRB has obtained third-party verification for its products under the Forest Stewardship Council A.C. ("FSC") guidelines, including FSC 100%, FSC Mix, and FSC Controlled Wood certifications, reinforcing its commitment to sustainable forestry.



Sustainability Statement



	FY2022	FY2023	FY2024
Wood	56,144	46,086	54,878

Note:

Resource Consumption Data has been compiled from the following subsidiaries:

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

Looking ahead, SKRB aims to conduct a comprehensive business process review to identify opportunities to further minimise environmental impacts and maximise resource efficiency, underscoring SKRB's dedication to responsible resource stewardship.

Climate Change

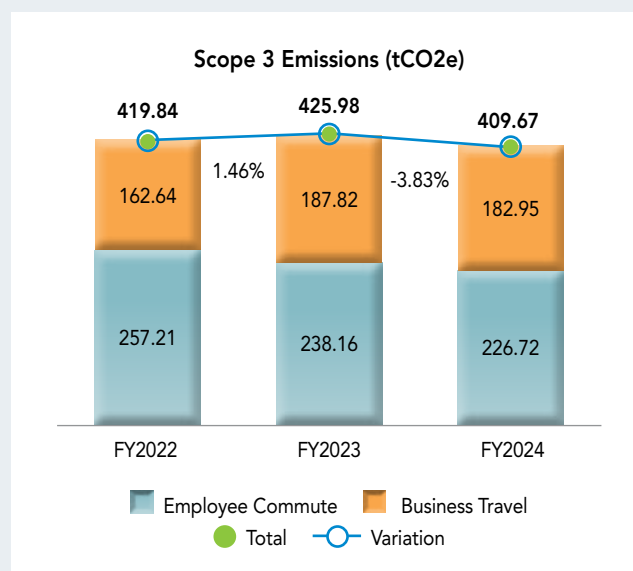
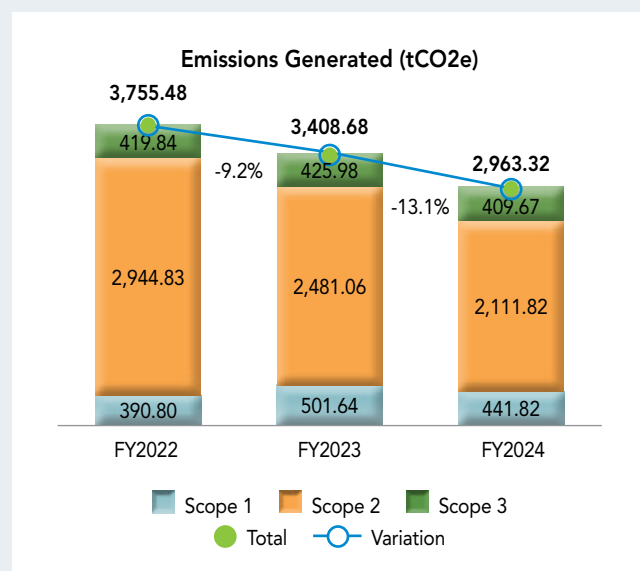
Climate change is a global challenge with far-reaching impacts on ecosystems, economies, and societies. SKRB recognises the urgent need to address these rising challenges, including the increasing frequency of extreme weather events and flooding in recent years, which may impact the Group's supply chain, availability of raw materials and consequently, SKRB's financial bottom line.

In response, SKRB is committed to integrating climate change mitigation and adaptation into its operations. The Group is dedicated to limiting global warming to 1.5°C and aligning its climate strategies with Malaysia's Net Zero aspirations, supporting the National Energy Transition Roadmap ("NETR"). To achieve these goals, SKRB has established emissions reduction targets for Scope 1 and Scope 2 emissions and is adopting renewable energy sources to reduce its carbon footprint. These efforts serve to support Malaysia's Nationally Determined Contributions ("NDC") to the emissions reduction goals outlined in the Paris Agreement.

Furthermore, the Board and Management have committed to aligning the achievement of these climate targets with their remuneration, underscoring SKRB's dedication to meaningful climate action.

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

Sustainability Statement



Emissions Intensity over Sales (tCO ₂ e/RM'mil)	FY2022	FY2023	FY2024
Scope 1	0.81	1.32	1.31
Scope 2	6.09	6.52	6.24
Scope 1 & 2	6.90	7.84	7.55
Scope 1, 2 & 3	7.77	8.96	8.76

Note:

- Scope 1 - The conversion factor used to convert litres consumption to energy value is based on the Malaysia Energy Statistic Handbook 2020. Meanwhile, emission factors and Global Warming Potential ("GWP") values are retrieved from the Intergovernmental Panel on Climate Change ("IPCC") database.
- Scope 2 - The emission factor used for grid electricity is based on the United Nations Framework Convention on Climate Change ("UNFCCC") Harmonised Grid Factors 2021.
- Intensity is calculated based on the following sales figures: FY2024: RM483.40 mil; FY2023: RM380.63 mil; FY2022: RM338.27 mil.

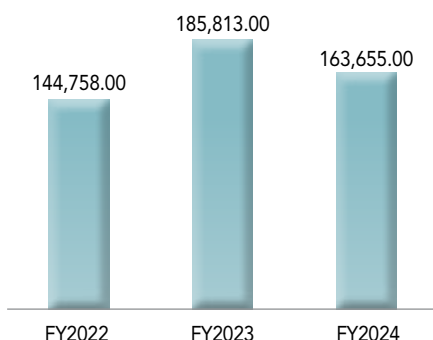
Energy Consumption

In the wood processing and furniture manufacturing industry, monitoring and reducing energy consumption is of paramount importance. At SKRB, energy consumption is a critical ESG performance indicator. The Group's strategic approach to energy management not only enhances operational efficiency but also plays a vital role in minimising environmental impacts by reducing greenhouse gas emissions.

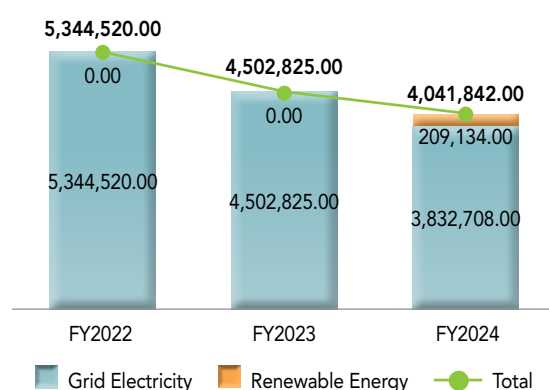
SKRB implements various initiatives to optimise energy use, including effective production planning to enhance machinery efficiency, regular maintenance of equipment, and promoting the use of energy-saving alternatives such as efficient lighting and machinery. Additionally, the Group takes measures to optimise raw material usage and continuously seeks opportunities to improve energy efficiency across its manufacturing processes. These energy-saving strategies have enabled SKRB to strategically reduce fuel and electricity consumption, contributing to lower emissions.

Sustainability Statement

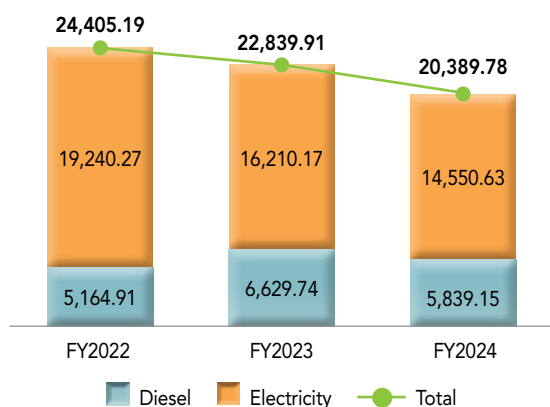
Diesel Consumption (Litres)



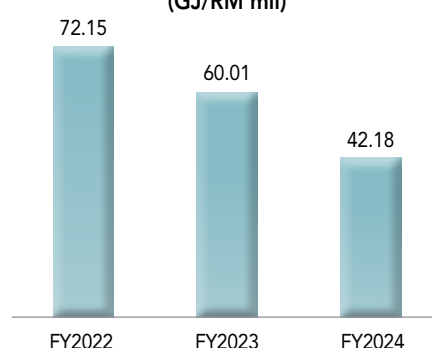
Electricity Consumption (kWh)



Total Energy Consumption (GJ)



Energy Intensity over Sales (GJ/RM'mil)



Note:

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

Intensity is calculated based on the following sales figures: FY2024: RM483.40 mil; FY2023: RM380.63 mil; FY2022: RM338.27 mil.

Furthermore, the Group has committed to incorporate solar power into the energy mix of the Group by FY2024, aiming to generate 5% of its energy needs through renewable sources by FY2024 and 40% by FY2030. Hence in April 2024, SKRB has finalised two 20-year term agreements to purchase the Net Electrical Output generated by the Solar PV Systems installed at the facilities of its subsidiaries, S.K. Furniture Sdn Bhd and Sern Kou Furniture Industries Sdn Bhd. At the end of the term, all rights, title, and interest in the Solar PV Systems and the Solar Energy Meters will be transferred to SKRB.

The Group has made good progress on this goal, with 2 out of its 7 business units commencing solar power adoption in April 2024. Between April to June 2024, the two facilities have generated a total of 268,887 kWh of solar power, of which 209,134 kWh was consumed by the Group, with the remainder sold back to the grid.

As a result, SKRB is pleased to have met our target of 5% RE use in FY2024. By generating just 5% of the Group's total electricity needs in FY2024 from renewable sources, SKRB has achieved RM22,847.80 in total cost savings. In the longer term, the installation of these solar panels will effectively reduce SKRB's dependency on grid electricity, and contribute to lower operational emissions.

Sustainability Statement

Water Consumption

SKRB recognises the critical importance of responsible water consumption and conservation, acknowledging that access to clean water is a fundamental human right.

As part of its commitment to sustainable water use, SKRB ensures its operations are not located in water-stressed areas, and when considering new operational sites, preliminary feasibility studies are conducted to assess water availability and avoid areas facing water scarcity. At present, none of the Group's list of properties are located in water stressed regions according to the World Resource Institute's Aqueduct Water Risk Atlas Tool.

The Group relies primarily on municipal sources for its water needs. To contribute to water conservation, SKRB enforces stringent monitoring and regulation of water consumption across all its operations. In FY2024, the Group achieved a 2.4% reduction in water consumption intensity compared to the FY2023 baseline, using a total of 17,760 m³ of water over 749,199 sq. ft. of operational area. This progress reflects SKRB's proactive water management approach, keeping the Group on track toward its target of a 3.5% reduction by FY2030.

Water Performance Data (Litres)	FY2022	FY2023	FY2024
Water Withdrawal by Source:			
Surface Water Withdrawal (lakes, rivers, natural ponds)	0	0	0.00
Groundwater Withdrawal (wells, boreholes)	0	0	0.00
Used Quarry Water Withdrawal	0	0	0.00
Municipal Potable Water Withdrawal	33,635.00	26,976.00	17,760.00
External Wastewater Withdrawal	0	0	0.00
Harvested Rainwater Withdrawal	0	0	0.00
Ocean / Sea Water Withdrawal	0	0	0.00
Total Water Withdrawal	33,635.00	26,976.00	17,760.00
Water Withdrawal from Water-Stressed Region	0	0	0.00
Total Water Consumption	33,635.00	26,976.00	17,760.00
Water Intensity over Sales (Litres per RM'mil)	99.43	70.87	36.74
Water Intensity over Operational Area (Litres per sqft)	4.5%	3.6%	2.4%
Total Water / Effluents Discharged	33,635.00	26,976.00	17,760.00

Note: Intensity is calculated based on the following sales figures: FY2024: RM483.40 mil; FY2023: RM380.63 mil; FY2022: RM338.27 mil; and operational area of 749,199 sqft for FY2022 to 2024.

To further reduce water usage, SKRB has implemented initiatives such as educating employees on the importance of water conservation, reminding staff to turn off water-consuming equipment when not in use, and exploring the adoption of global water-saving practices, including recycling and reuse initiatives.

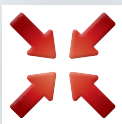
These efforts underline SKRB's ongoing commitment to safeguarding water resources and ensuring sustainable access for future generations.

Sustainability Statement

Waste Management and Recycling

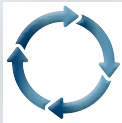
Given the nature of SKRB's wood processing and furniture manufacturing business that relies on a sustainable supply of natural raw materials like wood, the Group recognises the importance of effective waste management to reduce the impact of landfill leachate from harming the environment and minimise our consumption of wood.

To mitigate these risks, SKRB has adopted a range of waste management and recycling initiatives focused on minimising waste generation and responsibly managing the disposal of by-products. Guided by the 3R principles – Reduce, Reuse, and Recycle – SKRB aims to manage resources and waste sustainably:



Reduce

- SKRB prioritises reducing resource consumption, particularly wood and paper, by integrating innovative technologies that enhance production efficiency and reduce waste generation.



Reduce

- The Group actively repurposes wood chips and leftover materials from furniture manufacturing, reintegrating them as raw materials for the production of other wooden products.



Recycle

- SKRB has invested in waste-sorting bins across its facilities, encouraging employees to segregate recyclable materials such as paper, plastics, and glass. The Group partners with waste management contractors to ensure that waste materials, including packaging, paper, and cartridges, are recycled instead of being disposed of in landfills.

In FY2024, SKRB achieved a significant milestone in its waste management efforts, diverting 13,478 tonnes of waste from disposal, including 8,010.17 tonnes of recycled waste. These efforts represent a substantial improvement in waste diversion compared to previous years, reflecting the Group's commitment to achieving 100% waste diversion annually.

Sustainability Statement

SKRB continues to invest in cutting-edge technology and equipment to further reduce waste and improve efficiency. Scheduled inspections and maintenance routines ensure optimal performance across all production facilities. In line with its commitment to responsible disposal, the Group also adheres to Department of Environment (“DOE”) guidelines for the disposal of electronic waste through authorised waste collectors.

Waste Data (tonnes)	FY2022	FY2023	FY2024
Hazardous Waste	0.69	0.74	0.00
Non-Hazardous Waste	16,002.55	16,731.01	13,478.17
Total Waste Generated	16,428.04	16,731.75	13,478.17
Waste Diverted from Disposal (Recycled waste)	16,002.55	16,731.01	13,478.17
Waste Directed to Disposal	425.49	0.74	0.00

Looking ahead, SKRB will focus on enhancing its internal waste management practices while fostering engagement across its supply chain. The Group is committed to exploring data-driven target setting and collaborating with suppliers and partners to drive sustainable waste management practices.

Environmental Compliance

SKRB recognises the importance of adhering to environmental laws and regulations as part of its responsibility to safeguard the environment. This compliance framework extends to minimising adverse environmental impacts, promoting sustainability, and contributing to global efforts in combating climate change and biodiversity loss.

The Group actively monitors effluents, air quality, and noise emissions to mitigate pollution risks. Through diligent management practices, SKRB ensures that its furniture manufacturing and wood processing operations comply with environmental standards, safeguarding both the natural environment and the communities in which it operates. This commitment is reflected in the Group’s performance during FY2024, with zero incidents of legal non-compliance related to environmental pollution, spills, or air pollution. The Group also recorded zero complaints related to pollution from neighbouring communities.

By maintaining this commendable track record, SKRB demonstrates its dedication to environmental stewardship through responsible sourcing, resource efficiency, and sustainable production practices. This approach ensures that the Group positively contributes to both the industry and the planet, reinforcing its role as a leader in sustainable business practices.

Sustainability Statement

SOCIAL RESPONSIBILITY

SKRB is committed to fostering a diverse and inclusive workplace that ensures employee satisfaction, provides competitive remuneration and career development opportunities, and fosters their wellbeing. Additionally, the Group's community initiatives aim to support local socio-economic growth, reinforcing the Group's ties to the community by ensuring shared value creation for all.

Material Topics:

Occupational Safety and Health

Talent Management

Community Development

UNSDG 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 Safety and Health

Occupational Safety and Health ("OSH") is a critical priority within SKRB's operations, given the potential for far-reaching impacts from any safety-related incidents, including operational disruptions, reputational damage, and, most significantly, risks to human life.

To address these risks, SKRB enforces a strict zero-tolerance OSH policy in compliance with the Occupational Safety and Health Act 1994 and related regulations, with oversight from the Board. The Group's Safety Policy applies universally to employees, contractors, suppliers, and visitors, and is regularly updated to reflect evolving safety standards.

Safety and Health Committees, composed of employee and Management representatives, are established at each operational unit to ensure rigorous monitoring of workplace safety practices. Health and safety risk assessments are conducted regularly at all the Group's operating sites to systematically identify and mitigate potential hazards, while due diligence is conducted for any new operations.

Accidents or incidents resulting in injuries or fatalities are reported immediately to the Safety and Health Committees, and are then cascaded up to Management and Board for further management. All such occurrences are thoroughly investigated, with findings and corrective actions communicated across the Group to prevent future incidents.

Sustainability Statement

SKRB continuously monitors OSH metrics to identify and mitigate risks, ensuring the safety of its workforce and operational continuity. Progress tracking against established safety targets are monitored closely by the Board and Management through the RMSC.

This comprehensive approach ensures a safe working environment and promotes a culture of accountability across all levels of the organisation. The Group's performance data for OSH is provided in the following charts and tables, highlighting the results for the year under review and a 3-year performance track.

OSH Performance Data	FY2022	FY2023	FY2024
Total manhours worked	12080	11638	11218
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	9	8	5
Total number of lost days / LTIs	56	59	137
Total number of Lost Time Injury (LTIs)	5	4	5
Incident Report	3	2	5
Unsafe Act Unsafe Condition (UAUC)	0	0	0
Occupational diseases rate	0	0	0
Absenteeism rate - days	678.17	617.00	615.54
Absenteeism rate - headcount	527	381	452
Injury Rate (including fatalities)	1.09	1.02	0.58
Lost Day Rate	6.80	7.56	15.86
LTI Rate*	0.61	0.51	0.58
Fatality Rate	0	0	0
Number of employees trained on health and safety standards	450	66	24

* 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.

Sustainability Statement

Talent Management

SKRB's workforce is the backbone of its success, making talent management a key focus within the Group. The well-being and productivity of employees are closely linked to SKRB's long-term growth, hence the Board and Management actively oversee this through the Group's Human Resource ("HR") function.

RECRUITMENT, RETENTION & REMUNERATIONS

SKRB has established a comprehensive Human Resource management framework designed to support employees throughout their journey with the company. This framework includes a structured induction programme for new employees, a formal mechanism for reporting workplace bullying, harassment and grievances, and clear protocols for handling employee departures. Employee turnover rates, recruitment efforts, and satisfaction levels are regularly monitored to ensure the Group remains competitive in talent acquisition and retention. Employee satisfaction are measured once every two years to gauge the effectiveness of the Group's talent management strategy.

Workforce Breakdown	FY2022	FY2023	FY2024
Total Workforce (no.)	682	671	770
Permanent Staff (%)	100.0%	100.0%	100.0%
Temporary/Contract Staff (%)	0.0%	0.0%	0.0%
Total New Hires (no.)	34	148	258
Total Turnover (no.)	175	168	83
Full-Time Staff Voluntary Turnover Rate (%)	25.7%	25.0%	11.0%
Employees Entitled to Employee Benefits (%)	100.0%	100.0%	100.0%

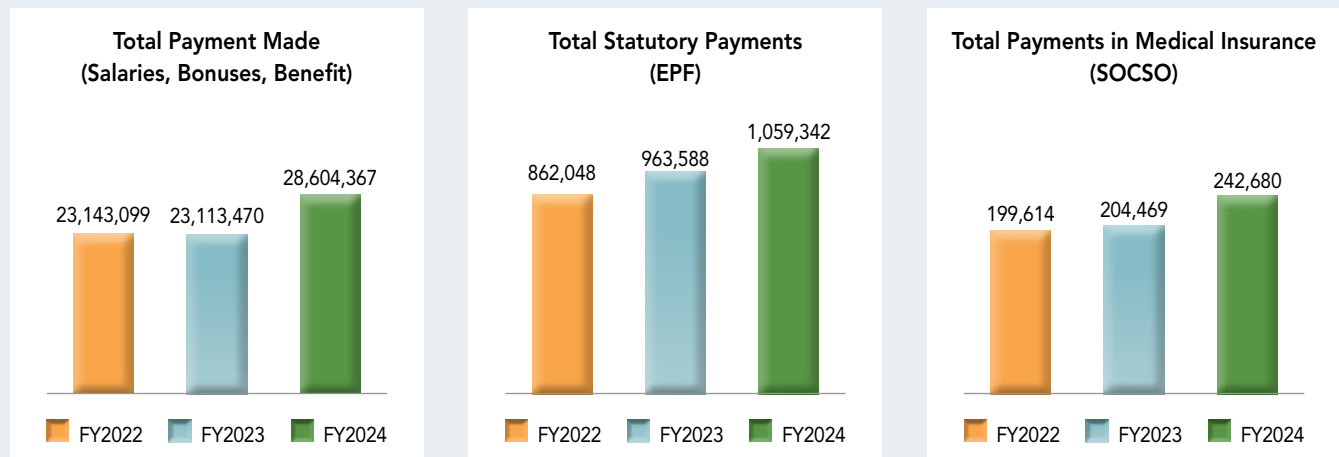
* SKRB's annual hiring and turnover figures are heavily influenced by the work visa renewal needs of its foreign workforce, which has traditionally formed upwards of 80% of the Group's total workforce over the past 3 years.



Note: Percentage is calculated based on number of employees who have provide good or excellent ratings during a recent employee satisfaction survey

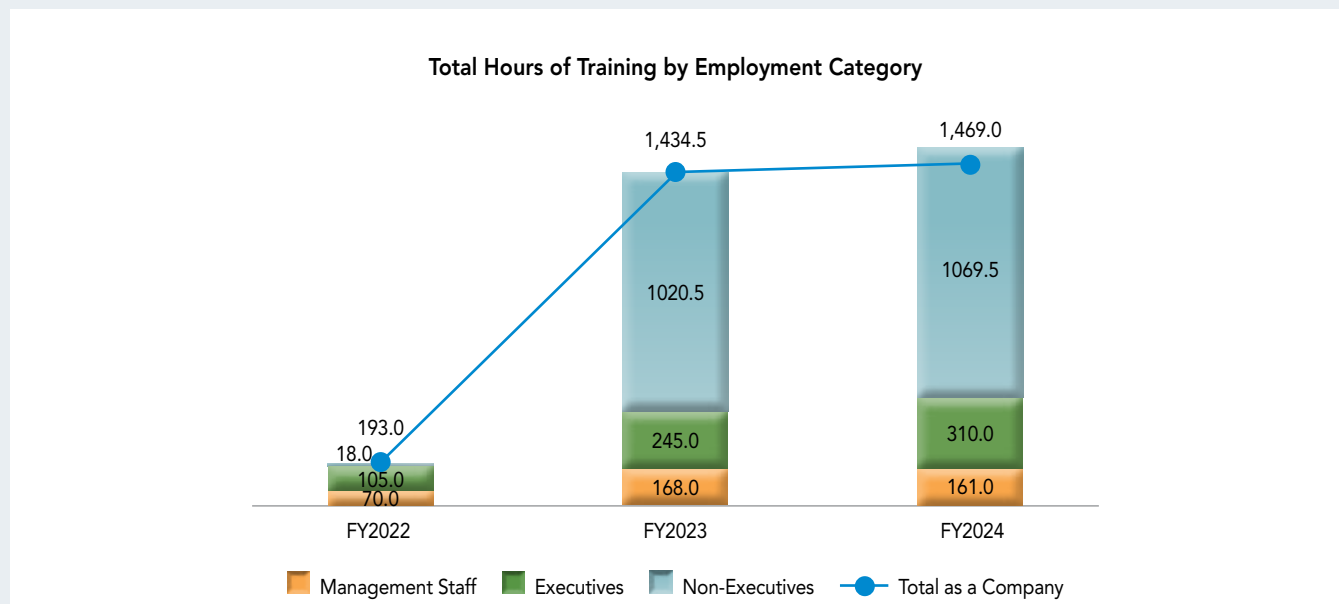
Sustainability Statement

To attract and retain high-calibre talent essential to the Group's growth, SKRB offers competitive salaries and an extensive range of benefits. These include medical and personal accident insurance, annual, sick, and hospitalisation leave, as well as other leave entitlements such as parental, marriage, and compassionate leave. Additionally, employees are entitled to travel claims and statutory contributions to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO").

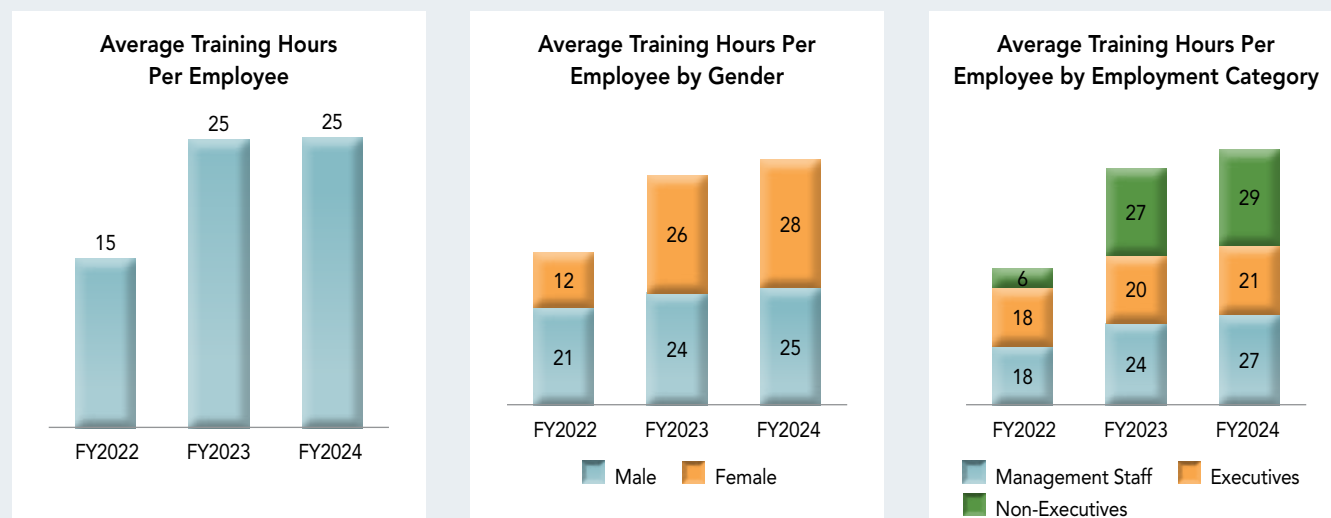


Talent Training

SKRB is committed to providing employees with opportunities for personal and professional development, recognising that a well-trained workforce is key to the Group's long-term success. Ongoing staff training is a fundamental component of the human resource strategy, with a diverse range of programmes focused on skill enhancement, leadership development, and keeping up with industry best practices. These initiatives not only empower employees to excel in their current roles but also prepare them for future responsibilities within the organisation.



Sustainability Statement

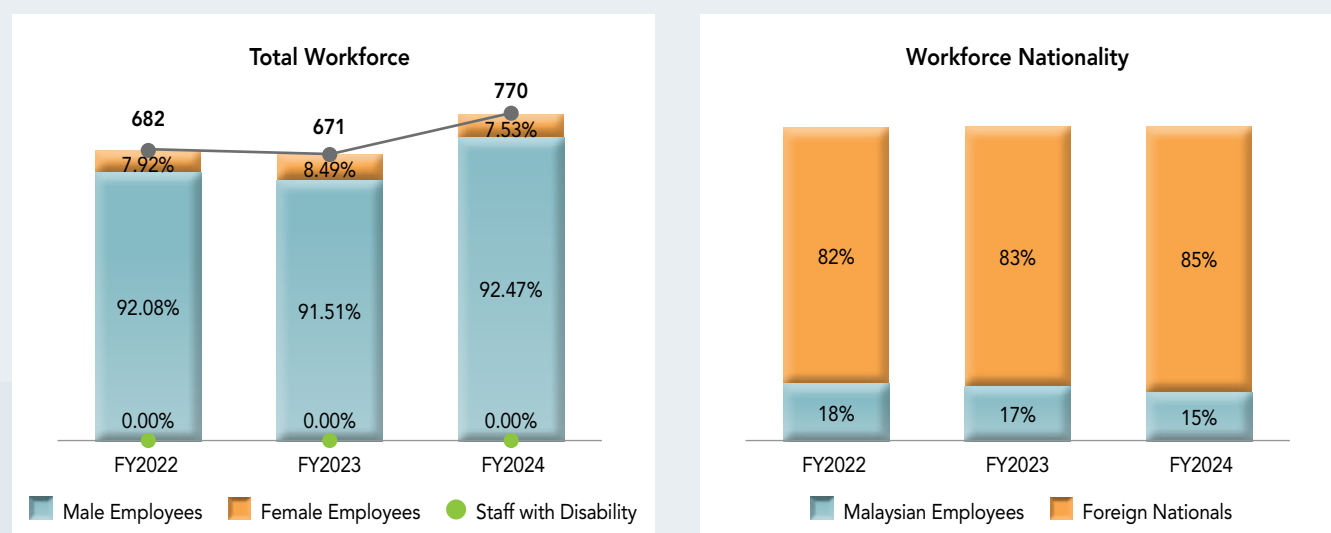


By prioritising continuous learning and personal development, SKRB strengthens its competitive position in the market while also fostering employee satisfaction and retention, ensuring a motivated and capable workforce.

CHAMPIONING DIVERSITY, INCLUSIVITY AND NON-DISCRIMINATION

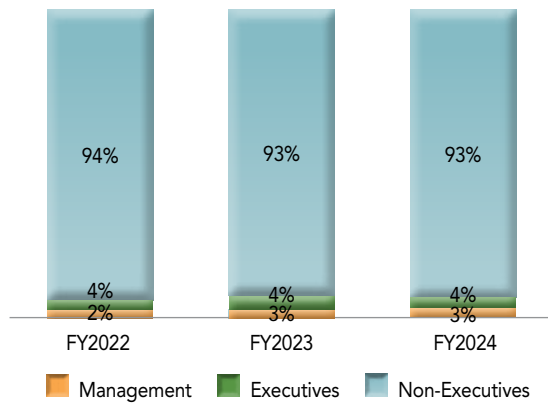
Across all aspects of its talent management — whether in recruitment, retention, compensation structures, career development, training, or succession planning — SKRB upholds the principle of meritocracy. The Group is fully committed to ensuring that no individual is discriminated against on the basis of age, gender, ethnicity, religion, sexual orientation, disability, or nationality.

SKRB is dedicated to fostering a diverse, equitable, and inclusive workplace where all employees have equal access to opportunities for growth and advancement. To support this commitment, the Group actively tracks various diversity indicators, helping to drive improvements in workforce diversity, promote equal opportunities, and reduce discrimination across the organisation.

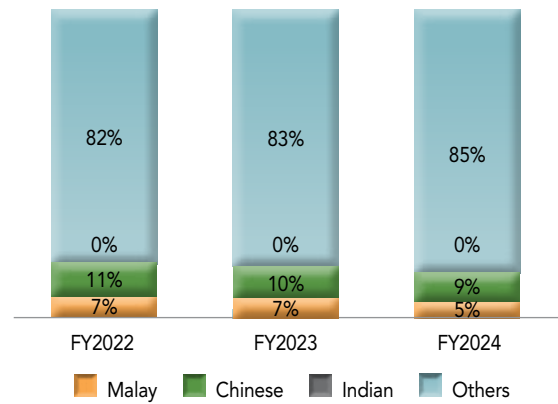


Sustainability Statement

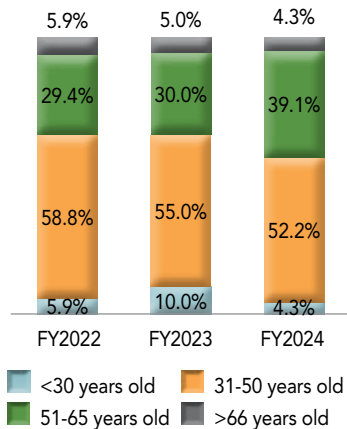
Employee Breakdown by Position



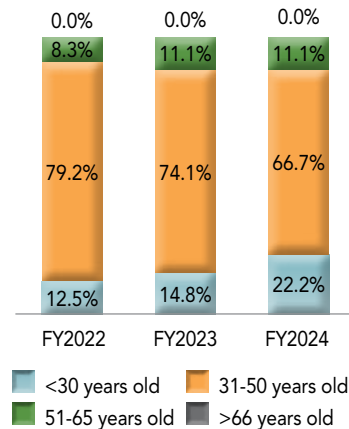
Ethnicity Breakdown



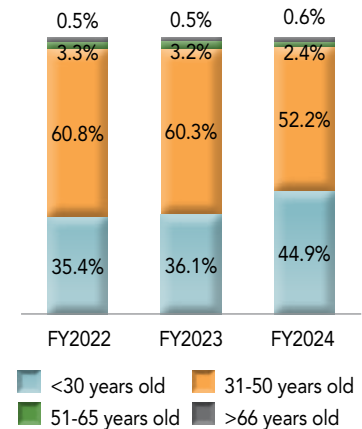
Age Breakdown of Managerial Staff



Age Breakdown of Executive Staff

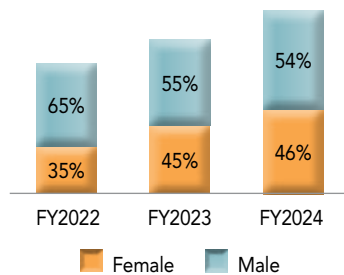


Age Breakdown of Operational Staff

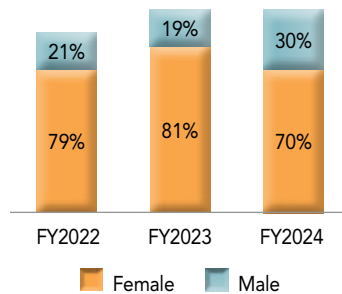


Sustainability Statement

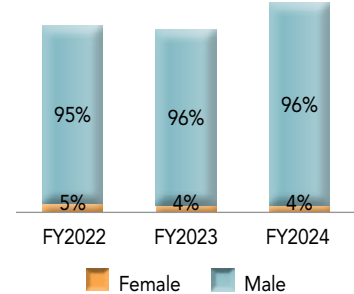
Gender Breakdown of Managerial Staff



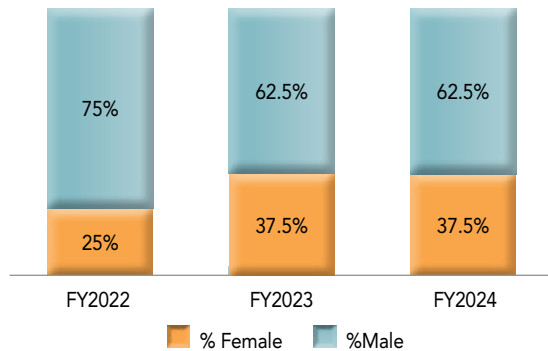
Gender Breakdown of Executive Staff



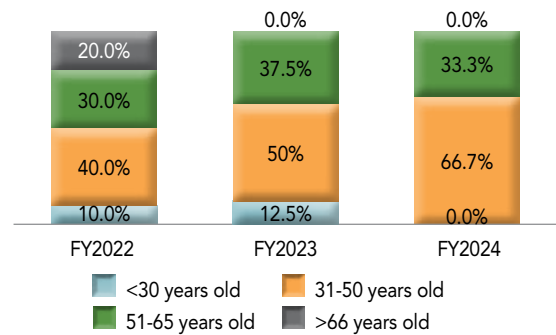
Gender Breakdown of Operational Staff



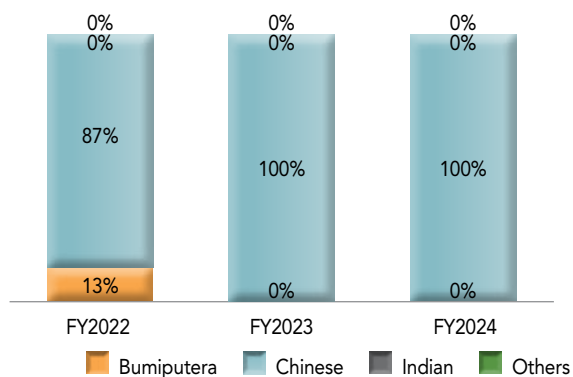
Board of Directors Gender Breakdown



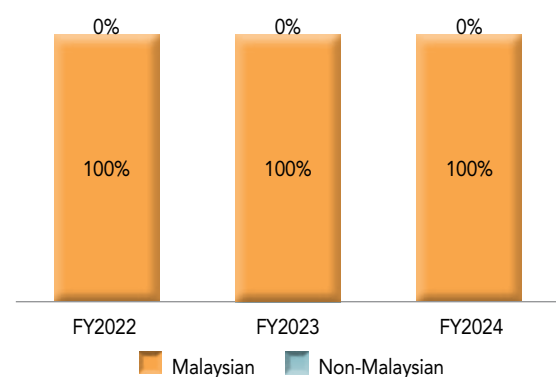
Ethnicity Breakdown



Board of Directors Ethnicity Breakdown



Board of Directors Nationality Breakdown



Sustainability Statement

Promoting Gender Equality in the Workplace

SKRB recognises the significance of fostering gender equality within the workplace. We are committed to ensuring fairness and justice in the distribution of benefits, opportunities and responsibilities by eliminating biases and discrimination, and providing the same access to resources, education, and decision-making, regardless of gender.

Despite the traditionally male-dominated nature of the furniture manufacturing industry, SKRB actively pursues strategies to promote inclusivity of women within its workforce. These efforts include initiatives aimed at narrowing the gender pay gap and advancing women into leadership roles across the organisation.

Gender Pay Data	FY2022	FY2023	FY2024
Salary difference between men and women	-1,517.96	1,574.63	1,648.43
Ratio of basic salary and remuneration of women to men for key employee categories-Managerial staff	-0.58	0.02	-0.56
Ratio of basic salary and remuneration of women to men for key employee categories- Executive	-0.17	-0.09	-0.05
Ratio of basic salary and remuneration of women to men for key employee categories-Non-executive staff	-0.41	0.27	0.24

The Group's commitment to gender equality is further demonstrated through its achievement of exceeding the 30% female representation target on the Board, as advised by Practice 5.9 of MCCG 2021, with 3 out of 8 (37.5%) Board positions held by female Directors in FY2024.

To support a balanced work-life dynamic for all staff members, SKRB provides parental leave benefits to both male and female employees. Female employees are entitled to 98 consecutive days of maternity leave, while male employees receive 7 days of paid paternity leave, in line with Malaysia's recent amendments to the Employment Act. These policies foster an inclusive workplace where both men and women are supported in their roles as parents, further advancing the Group's objectives in promoting gender inclusivity.

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

Parental Leave Data	FY2022		FY2023		FY2024	
	Male	Female	Male	Female	Male	Female
No. of Employees Utilising Parental Leave	0	1	1	1	0	3
Return to Work Rates (return to work after parental leave period)	N/A	100%	100%	100%	N/A	100%
Retention Rates (remain with the organisation for 12 months or more post parental leave)	N/A	100%	100%	100%	N/A	100%

Sustainability Statement

UPHOLDING SOUND LABOUR PRACTICES

SKRB is dedicated to maintaining a workplace founded on fairness, inclusivity, and respect for human dignity, while valuing diversity and safeguarding the fundamental human rights of all employees. The Group's labour and human rights commitments encompass 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.

Sustainability Statement

Human Rights Due Diligence in the Supply Chain

SKRB is resolutely committed to preventing human rights violations across its operations and supply chain. Oversight of this critical area is integrated into the Board's ESG governance responsibilities, with daily management handled by the Group's procurement and human resources departments.

All employees and third-party contractors are required to comply with Malaysian laws regarding human and labour rights, including worker welfare, the prevention of child labour, and anti-human trafficking measures. Any violations may lead to stringent consequences, such as contract termination or legal proceedings.

SKRB regularly assesses its labour and human rights risks and is committed to addressing any potential exploitation within its supply chain. In FY2024, the Group maintained its strong record with zero reported violations related to labour standards, human rights abuses, child labour, or human trafficking.

Grievance Mechanism

SKRB provides secure and confidential channels for employees and stakeholders to report grievances, misconduct, or concerns related to policy violations, harassment, or human rights issues, without fear of retaliation. Complaints can be lodged through an employee's immediate manager, HR representatives, or via a dedicated whistleblowing platform accessible to both internal and external parties.

The Group is committed to promptly investigating all reported matters and taking corrective action in cases where SKRB is found to have caused or contributed to any adverse impacts. This approach ensures accountability and reinforces a culture of transparency and ethical conduct across the organisation.

Community Development

As a responsible corporate citizen, SKRB is dedicated to driving meaningful change in the communities where it operates. The Group's community investments are guided by two defined focus areas: Supporting Vulnerable and Marginalised Communities, which include the poor, homeless, children, elderly, people with disabilities, and refugees, and Supporting Environmental Stewardship, which focuses on biodiversity conservation, climate action, waste reduction, and clean water access.

SKRB regularly engages in outreach initiatives, donations, and volunteer programmes to enhance the socioeconomic well-being of the communities it serves. In FY2024, the Group contributed RM2,500 to the World Wide Fund for Nature ("WWF") to support biodiversity conservation and climate efforts. This initiative is aligned with SKRB's business priority of ensuring a sustainable pipeline of raw materials for its furniture manufacturing and wood processing operations.

To support children's right to education, particularly for marginalised and underprivileged groups, SKRB donated RM1,754 to The Ghulam Hussein Ayaz Learning Center school library project in Batu Caves, benefiting over 60 students and 10 teachers from the Pakistani refugee community. The contribution enabled the setup of a functional library, complete with digital cataloguing, books, laptops, and shelving.

Sustainability Statement



Additionally, SKRB's RM5,000 donation to Chung Hwa High School and RM2,500 contribution to the Tabung Kebajikan & Pendidikan Yayasan Taiwan Buddhist Tzu-Chi Malaysia in FY2024 demonstrated the Group's support for diversity and inclusivity, as the funds help to provide equal education opportunities to minority ethnic and religious communities in Malaysia.

FY2024 Beneficiary Organisation	No. of Beneficiaries	Amount (RM)
World Wide Fund for Nature ("WWF")	Not Applicable	2,500.00
Gulam Hussain Ayaz Learning Center Batu Caves	Over 60 students and 10 teachers	1,754.00
Chung Hwa High School	1975 students and over 100 teachers	5,000.00
Tabung Kebajikan & Pendidikan Yayasan Taiwan Buddhist Tzu-Chi Malaysia	Not Applicable	2,500.00

Community Development Performance Data	FY2024
Total amount invested where the target beneficiaries are external to SKRB (RM)	11,754.00
Total number of beneficiaries of the investment in communities	2,145
Total time spent by employees on community impact programmes and volunteering (Hours)	38

Employee engagement is a core aspect of SKRB's social responsibility efforts. In FY2024, staff members collectively dedicated 38 hours to volunteering in community impact programmes, reinforcing the company's culture of giving back. These efforts not only bolster community relations but also enhance SKRB's brand visibility and reputational standing.

Moving forward, SKRB will continue to explore innovative ways to deepen its community involvement, striving to make a significant positive impact in the lives of those around it.

Sustainability Statement

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Directors	Percentage	0.00	10.00	0.00
Managerial Staff	Percentage	0.00	52.00	0.00
Executive staff	Percentage	0.00	1.00	0.00
Operational staff	Percentage	0.00	4.00	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	0.00	11,754.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0	2,145
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
30 Managerial Staff Under	Percentage	5.90	10.00	4.30
Between 31-50 Managerial Staff	Percentage	58.80	55.00	52.20
Between 51-65 Managerial Staff	Percentage	29.40	30.00	39.10
66 Managerial Staff Above	Percentage	5.90	5.00	4.30
30 Executive Staff Under	Percentage	12.50	14.80	22.20
Between 31-50 Executive Staff	Percentage	79.20	74.10	66.70
Between 51-65 Executive Staff	Percentage	8.30	11.10	11.10
66 Executive Staff Above	Percentage	0.00	0.00	0.00
30 Operational Staff Under	Percentage	35.40	36.10	44.90
Between 31-50 Operational Staff	Percentage	60.80	60.30	52.20
Between 51-65 Operational Staff	Percentage	3.30	3.20	2.40
66 Operational Staff Above	Percentage	0.50	0.50	0.60
Gender Group by Employee Category				
Managerial Staff Male	Percentage	65.00	55.00	54.00
Managerial Staff Female	Percentage	35.00	45.00	46.00
Executive Staff Male	Percentage	21.00	19.00	30.00
Executive Staff Female	Percentage	79.00	81.00	70.00
Operational Staff Male	Percentage	95.00	96.00	96.00
Operational Staff Female	Percentage	5.00	4.00	4.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	75.00	62.50	62.50
Female	Percentage	25.00	37.50	37.50
Under 30	Percentage	10.00	12.50	0.00
Between 31-50	Percentage	40.00	50.00	66.70
Between 51-65	Percentage	30.00	37.50	33.30
Above 66	Percentage	20.00	0.00	0.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	6,779.22	6,344.42	5,663.83
Bursa (Health and safety)				

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

Indicator	Measurement Unit	2022	2023	2024
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.61	0.51	0.58
Bursa C5(c) Number of employees trained on health and safety standards	Number	450	66	24
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	70	168	1,070
Executive	Hours	105	245	310
Operational	Hours	18	1,021	161
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	1	0	4
Executive	Number	0	5	2
Operational	Number	174	163	77
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	94.63	97.68	98.90
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	0.030000	0.030000	0.020000

Sustainability Statement

IFRS S1, IFRS S2 & TCFD INDEX

IFRS & TCFD Disclosures		IFRS S1 Location / Explanation	IFRS S2 & TCFD Location / Explanation
GOVERNANCE	a) Board Oversight	All sustainability and ESG matters, including climate-related risks and opportunities, are directly overseen by the Board through the Risk Management and Sustainability Committee ("RMSC"). The RMSC, chaired by an Independent Non-Executive Director and comprising another Independent Non-Executive Director and SKRB's Managing Director, meets at least twice annually to review fiscal, operational, sustainability, climate-related, and risk management matters across the Group. In FY2023, the Group established an Internal ESG Committee to operationalise its ESG and climate strategy. Led by SKRB's Head of ESG, who is also an Executive Director, and supported by the CFO, HR and Admin Manager, and Head of Operations, this committee coordinates sustainability efforts across SKRB's departments and divisions.	
	b) Management's Role	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 with developments in the sphere of sustainability In FY2024, SKRB formalised its ESG KPIs and Targets to enhance performance accountability. Management of these KPIs and targets fall under the purview of the Internal ESG Committee, with oversight from the RMSC. With this in place, the Group is now working on establishing the mechanism to link the achievement of these targets with the performance evaluations and remuneration considerations of the Board and Management of SKRB. For further details, refer to the Sustainability Governance Structure on pages 15-16, and the Board and Management Responsibility on ESG & Climate Change on page 17 of AR2024.	

Sustainability Statement

IFRS & TCFD Disclosures		IFRS S1 Location / Explanation	IFRS S2 & TCFD Location / Explanation
STRATEGY	a) Risks and Opportunities	The specific risks and opportunities of SKRB’s material sustainability matters, including its current and anticipated effects on SKRB’s business model and value chain, are outlined in the ESG Risks and Opportunities section on pages 35-38 of AR2024. 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.	The Board and Management of SKRB are cognisant of the potential impact of climate-related risks on the Group’s cash flows, reputation and license to operate. This includes potential loss of market access, as well as access to financing from investors and lenders. Hence, SKRB is exploring the feasibility of undertaking a climate risk assessment and scenario analysis exercise with its appointed ESG Consultant to identify climate-related risks and opportunities in a systematic and strategic manner to mitigate their potential impact on the Group’s financial bottom line in the short, medium and long term. The findings from this exercise will further aid the Board and Management in taking climate-related risks and opportunities into account when deliberating on the Group’s business plans, strategies and resource allocation considerations.
	b) Impact on Business Model and Value Chain		
	c) Strategy and Decision-making	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, to provide added insights to aid the Board and Management’s decision making on the Group’s business plan and strategies.	
	d) Financial Position	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 FY2024. Additional data points related to the Group’s Regulatory Compliance performance can be found on page 39.	
	e) Resilience of Strategy		

Sustainability Statement

IFRS & TCFD Disclosures		IFRS S1 Location / Explanation	IFRS S2 & TCFD Location / Explanation
RISK MANAGEMENT	a) Risk ID and Assessment Processes	The Group has established a comprehensive risk management framework, which includes the annual identification of all ESG risks, including those related to climate change, through its Materiality Assessment process. A full-scale Materiality Assessment is conducted every 3 to 5 years (most recently in March 2022), with limited-scale desktop assessments performed during the interim years. The outcomes of these assessments are presented to the RMSC for further consideration and integration into the Group's broader risk management strategies. While SKRB does not currently have a dedicated process for assessing climate-related risks and opportunities, the Group is exploring the feasibility of conducting a climate risk assessment and scenario analysis in collaboration with its appointed ESG consultant. Further details on the Group's Stakeholder & Materiality processes can be found on pages 18-22, with the Group's overall risk management framework outlined in the Statement on Risk Management and Internal Control on pages 126-128 of AR2024. The Anticipated or Known Risks identified by the Group are detailed in the Management Discussion & Analysis section of AR2024 on pages 7-8.	
	b) Risk Management Processes		
	c) Integration into Overall Risk Management		
METRICS & TARGETS	a) Metrics Used	The Key Performance Indicators ("KPI"s) tracked for each material ESG matters, including Climate-related metrics, are disclosed in the Sustainability Scorecard on pages 24-27. 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 28-64. 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 65-66.	
	b) Performance Data		
	c) Targets Set		





Assurance Statement

**VAERSA**

18th October 2024

SERN KOU RESOURCES BERHAD

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

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

INDEPENDENT LIMITED ASSURANCE STATEMENT ON SUBJECT MATTER INFORMATION IN SERN KOU RESOURCES BERHAD'S SUSTAINABILITY STATEMENT ("SS2024")**To the Board of Directors of Sern Kou Resources Berhad**

We, Vaersa Advisory Sdn. Bhd. have been engaged by Sern Kou Resources Berhad ("SKRB" or the "Group") to perform an independent limited assurance engagement on selected sustainability indicators (hereinafter referred to as the "Subject Matter Information") as reported by SKRB in its Sustainability Report for the year ended 30 June 2024 ("Sustainability Report FY2024").

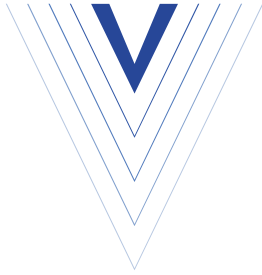
Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the SKRB's Sustainability Report FYE2024 for the year ended 30 June 2024 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Subject Matter Information

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

Assurance Statement



VAERSA

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

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance	Technology and Innovation	Implementation of SAP	100% by FY2024	Due to inventory valuation and stock issues, the full rollout of SAP has been delayed to the second half of 2024 (Q2 FY2025). A new consultant has been engaged to address these challenges, and the revised timeline targets full implementation by the end of 2024. For the first half of FY2024, AutoCount figures will be used for audits.	The progress should be monitored to stay on track with the milestone. <N1>
	Product Safety and Quality	Product recall rate	Zero incidents per annum	Achieved.	Achieved and verified.
		Product defect rate	Less than 15 defect incidents per annum	Achieved with a total of 6 incidents in FY2024.	Achieved and verified.
		ISO9001:2015 Certification	Annual Compliance	Achieved compliance as per the audit conducted in April 2024.	Achieved and verified.
	Product / Brand Appeal	Customer Satisfaction Levels	At least 3 out of 4 per annum	Achieved with Customer Satisfaction score of 4 out of 4 (Excellent).	Achieved and verified.
		Customer Complaint Response Rate	100% of customers complaints received and responded within 2 working days	Partial achievement. A total of 6 customer complaints were received and resolved in FY2024. Response time averages 4.5 working days.	The progress should be monitored to stay on track with the milestone. <N1>

Assurance Statement

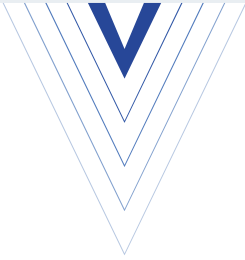


VAERSA

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

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance (Cont'd)	Climate Change (Emissions)	Scope 1 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2024 against FY2023's baseline	Partial achievement. With a total of 441.82tCO ₂ e generated from 163,655 litres of diesel consumed in FY2024, SKRB achieved a 11.92% absolute reduction of Scope 1 emissions compared to FY2023, translating to a 0.90% reduction of Scope 1 emissions intensity over sales.	The progress should be monitored to stay on track with the milestone. <N1>
		Scope 2 Emissions Intensity over Sales (tCO ₂ e/RM'mil)	2% Reduction in FY2024 against FY2023's baseline	Achieved. With a total of 2,111.82 tCO ₂ e generated from 3,832,708 kWh of grid electricity consumed in FY2024, SKRB achieved a 14.88% absolute reduction of Scope 2 emissions compared to FY2023, translating to a 4.22% reduction of Scope 2 emissions intensity over sales.	Achieved and verified.
		Total Scope 1 & 2 Carbon Emissions Intensity over Sales (tCO ₂ e/RM'mil)	5% Reduction in FY2024 against FY2023's baseline	Partially achieved. SKRB recorded 2,553.64 tCO ₂ e in total Scope 1&2 emissions in FY2024, translating to 7.55 tCO ₂ e/RM'mil in emissions intensity over sales. Compared to the	The progress should be monitored to stay on track with the milestone. <N1>

Assurance Statement



VAERSA

				7.84tCO ₂ e/RM'mil in Scope 1&2 emissions intensity recorded in FY2023, this represents a 3.66% reduction in Total Scope 1&2 emissions intensity, whereas absolute Scope 1&2 emissions reduction stands a 14.38%.	
	Energy Consumption	Incorporate Solar Power into the Energy Mix of the Group	Adopt Solar Power by FY2024	Achieved. 2 out of 7 Business Units have commenced using solar generated energy.	Achieved and verified.
		Progressive Adoption of Renewable Energy ("RE")	5% RE Adoption for electricity in Group Operations by FY2024; 40% RE by FY2030	Achieved with 5% of Electricity Consumed in FY2024 is from renewable sources. On track towards long term target of 40% RE adoption by FY2030.	Achieved and verified.

Assurance Statement

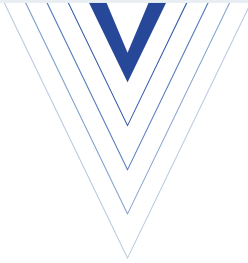


VAERSA

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	Water Consumption Intensity over Total Operational Area	3.5% Reduction by FY2030 against FY2023's baseline	Water intensity reduced by 2.4% in FY2024 against the baseline with a total of 17,760 m3 water consumed over 749,199 sqft of total operational area. On track towards achievement.	Achieved and verified.
		Effluent discharge and water pollution non-compliance	Zero incidents per annum	Achieved.	Achieved and confirmed.
			Zero incidents per annum	Achieved.	Achieved and confirmed.
	Waste Management and Recycling	Recycled / Repurposed Waste	100% waste diverted from disposal per annum	Achieved with 13,478 tonnes of waste generated and diverted from disposal.	Achieved and verified.
	Environmental and Social Compliance	Incidents of legal non-compliance on environmental pollution leading to fines or non-monetary action from authorities	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Major and minor spills and air pollution incidents	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Substantiated complaints related to environmental pollution from neighbouring communities	Zero complaints per annum	Achieved.	Achieved and confirmed.

Assurance Statement



VAERSA

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

Type of Assurance	Material Matters	Subject Matter	Target	Progress / Performance	Conclusion
Independent Assurance (Cont'd)	Environmental and Social Compliance	Substantiated cases of human rights violation (including child labour and forced labour)	Zero cases per annum	Achieved.	Achieved and confirmed.
		Occupational Health and Safety	Zero fatalities per annum	Achieved.	Achieved and confirmed.
	Occupational Health and Safety	Number of Fatalities	Less than 5 LTI incidents in FY2024	Partially achieved with a total of 5 LTI incidents in FY2024.	The progress should be monitored to stay on track with the milestone. <N1>
		Number of Lost Time Injury ("LTI") Rate			
	Talent Management	Employee Training Hours	At least 33 training hours per employee on average annually	Partially achieved with a total of 25 training hours per employee on average in FY2024.	The progress should be monitored to stay on track with the milestone. <N1>
		Workforce Gender Composition	At least 30% women representation among Managerial and Executive Staff annually	Achieved with women representing 46% of managerial staff and 70% of executive staff in FY2024.	Achieved and verified.
	Community Development	Monetary Contribution to NGOs, charities and local communities	At least RM10,000 in FY2024	Achieved with a total contribution of RM11,754 in FY2024.	Achieved and verified.
		Employee Volunteerism	To track employee volunteer hours by FY2024	Achieved with a total employee time spent on community impact programmes recorded as 38 hours.	Achieved and verified.

Assurance Statement

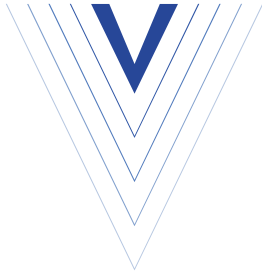


VAERSA

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)	Ethical Business Conduct and Anti-Corruption	Confirmed incidents of Corruption	Zero incidents per annum	Achieved.	Achieved and confirmed.
		Employee Acknowledgement of Anti-Bribery & Anti-Corruption Policy	100% by FY2024	Achieved.	Achieved and verified.
		Vendor Acknowledgement of ABAC Policy	20% by FY2024	Achieved with 112 out of 272 (41%) vendors that have acknowledged compliance with ABAC Policy.	Achieved and verified.
	Financial and ESG Risk Management	Risk Assessment and Review Conducted at the Group Level	Annual compliance	Achieved. Risk assessment conducted in November 2023.	Achieved and confirmed.
		Regular Review and Tender of External Auditors	Once every five years	On track to achievement. Auditor's engagement is scheduled for review in the Audit Committee and Board meetings in October 2024. The pervious review was conducted on 18 October 2023.	Achieved and confirmed.
	Regulatory Compliance	Non-compliance with all applicable laws, legislations, regulations and policies where SKRB operates	Zero incidents per annum	Achieved.	Achieved and confirmed.

Assurance Statement



VAERSA

Conclusion:

In conclusion, based on the procedures performed and evidence gathered, we provide reasonable 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.

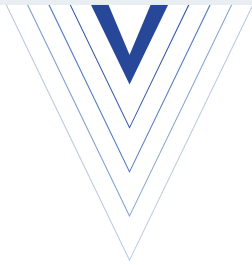
***Reporting Criteria**

- (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) SS2024 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 Sustainability Standards Boards ("ISSB") Standards – With Reference
 - United Nations Sustainability Development Goals ("UNSDGs")

Management's Responsibility

The management of SKRB is responsible for the preparation of the Subject Matter Information included in SKRB's Sustainability Report FYE2024 in accordance with the Reporting Criteria. This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the SKRB's Sustainability Report FYE2024 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.

Assurance Statement



VAERSA

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.

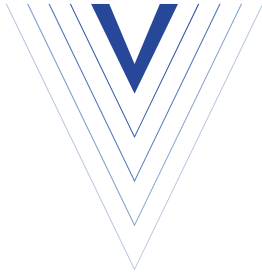
A limited assurance engagement involves assessing the suitability in the circumstances of SKRB’s use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, 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.

Assurance Statement



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.

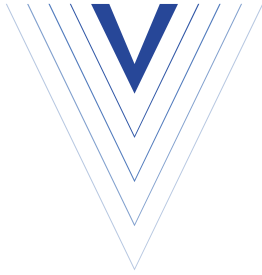
Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to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

Assurance Statement

**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 Board of Directors of SKRB in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by SKRB in its Sustainability Report FYE2024 and should not be used or relied upon for any other purposes.

We consent to the inclusion of this report in the SKRB's Sustainability Report FYE2024 to be disclosed on the website of SKRB at <https://www.sernkou.com/sernkougroup/annual-report/> to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of SKRB's Sustainability Report FYE2024. 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



Directors' Profile

ONN KIEN HOE

Chairman and Independent Non-Executive Director

 59 years of age  Male  Malaysian

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

Currently, he is an Independent Non-Executive Director of Zurich Life Insurance Malaysia Berhad, an unlisted public company.

Directors' Profile

LOW PENG SIAN @ CHUA PENG SIAN

Managing Director

 56 years of age  Male  Malaysian

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

He has extensive experience in running logging and saw milling, wholesale and trading in sawn timber, tropical hardwood and rubber wood as well as trading in hardware and building materials for the past 30 years. He is currently a director of CPS Resources Sdn. Bhd., Kuala Puri Development Sdn. Bhd., Kuala Puri Resources Sdn. Bhd., Perladangan Paloh Inai Sdn. Bhd., Strait Community Sdn. Bhd., Total Modern Development Sdn. Bhd., MCKIFT Management Committee Sdn. Bhd., Golden Vision Land Sdn. Bhd., Rawang Cement Products Sdn. Bhd., RCP Ready Mix Sdn. Bhd., Venue Vision Sdn. Bhd., Genius Success Capital Sdn. Bhd., Mukmanan Resources Sdn. Bhd., Secret Wish Sdn. Bhd., Sejati Tropika Sdn. Bhd., I&I Land Sdn. Bhd., I&I Industrial Development Sdn. Bhd., I&I Group Sdn. Bhd., United Capital Development Sdn. Bhd., UPG Development Sdn. Bhd., I&I Construction & Engineering Sdn. Bhd., Prima Alliance Sdn. Bhd., One Ample Sdn. Bhd., 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.

LOO ENG HUA

Non-Independent Non-Executive Director

 60 years of age  Male  Malaysian

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.

Directors' Profile

LEE SHEN WANG

Executive Director



31 years of age



Male



Malaysian

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.

SIAH CHEW PENG

Executive Director



46 years of age



Female



Malaysian

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

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

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

She joined SKRB since 1 April 2007 as Chief Financial Officer ("CFO") and subsequently resigned and nominated to be appointed as the Executive Director of the Company. She had responsible for overseeing the corporate finance function of the Group and accounting, financial administration and tax related matters as well as the compliance and reporting obligations of the Group such as cash flow planning, financial analysis and financial reporting over the past 14 years.

Directors' Profile

TEH SU-CHING

Independent Non-Executive Director

 49 years of age  Female  Malaysian

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

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

She has more than 25 years of working experience in audit, corporate advisory, business development, corporate finance, accounting and financial management. She started her career in Crowe Malaysia PLT in the audit division and after 14 years, left Crowe as a Director in the Corporate Advisory division.

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

She is currently an advisor to a local FMCG company in the e-Commerce sector and a Venture Capital firm in Malaysia focused on early-stage start-ups. She is also a certified volunteer with the Tzu Chi Foundation in Malaysia and is a serving member of the Finance Committee in the Incorporated Society of Planters, Malaysia.

Ms Teh Su-Ching is also an Independent Non-Executive Director of Notion Vtec Berhad, a public listed company.

SEOW JING HUI

Independent Non-Executive Director

 38 years of age  Female  Malaysian

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 respectively.

Ms Seow Jing Hui is a graduate from Multimedia University, where she earned her LLB (Hons) degree. She achieved admission as an advocate and solicitor of the High Court of Malaya in 2011. At present, she holds the esteemed position of Managing Partner at Messrs Ling & Theng Book.

Throughout her distinguished career as a legal professional, she has showcased her expertise in various areas, including conveyancing, corporate law, and banking affairs. Her background in property development equips her with a comprehensive grasp of the entire property development process, spanning project management, regulatory approvals, and sales administration. Over the years, she has applied her legal knowledge to a wide array of commercial agreements and intricate business negotiations.

Beyond her legal pursuits, she is deeply committed to community service. As one of the founding members of the Lions Club of KL Agape Star, she has consistently demonstrated her dedication by assuming various leadership roles within the club, all in pursuit of the noble objective of extending assistance to those in need.

Ms Seow Jing Hui is an Independent Non-Executive Director of Rexit Berhad, a public listed company.

Directors' Profile

CHUA OOU CHUAN

Independent Non-Executive Director

 48 years of age  Male  Malaysian

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) and a committee member of the Malaysia-New Zealand Chamber of Commerce (MNZCC), where he works to strengthen bilateral trade relationships between the two nations.

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

Notes to Directors' profile:

1. Family Relationships

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

2. Conflict of Interest

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

3. Conviction of Offences

None of the Directors have any conviction for offences other than traffic offences within the past 5 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 114 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 210 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

MS TANG CHOON YEN

 48 years of age  Female  Malaysian

MS TANG CHOON YEN, female, a Malaysian age 48, was appointed as Chief Financial Officer of the Company on 16 June 2020.

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

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

Ms Tang's working experience includes being the Audit Semi Senior of Horwath Wong & Co. from 1999-2002. Later she joined Arthur Anderson & Co, subsequently taken over by Ernst & Young as Associate from 2002-2003 and later joined Yeu Hong Furniture Industries Sdn. Bhd from 2003-2018 as Accountant cum Administrative Manager. Subsequently, she joined Sern Kou Resources Berhad as Group accountant since 2018.

MS STELLA SIOW LI PING

 45 years of age  Female  Malaysian

MS STELLA SIOW LI PING, female, a Malaysian age 45, was appointed as Administration Manager on 22 December 2014.

She supports the business operation by supervising staff, planning, organising and implementing the administrative system and ensuring the operation team adheres to the SKRB Group's policies and regulation. She is also responsible for overseeing the facilities services and maintenance activities.

Ms Stella Siow graduated from University Science Malaysia with Bachelor of Science (Humanities) Hons. She joined Evergreen Fibreboard Berhad as an Executive in Administration from 2004 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 5 years.

4. Directorship in other public companies

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

Corporate Information

BOARD OF DIRECTORS

Onn Kien Hoe

Chairman / Independent Non-Executive Director

Low Peng Sian @ Chua Peng Sian

Managing Director

Loo Eng Hua

Non-Independent Non-Executive Director

Lee Shen Wang

Executive Director

Siah Chew Peng

Executive Director

Teh Su-Ching

Independent Non-Executive Director

Seow Jing Hui

Independent Non-Executive Director

Chua Oou Chuan

Independent Non-Executive Director

AUDIT COMMITTEE

Teh Su-Ching - *Chairperson*

Chua Oou Chuan

Seow Jing Hui

NOMINATION AND REMUNERATION COMMITTEE

Chua Oou Chuan - *Chairman*

Seow Jing Hui

Loo Eng Hua

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Chua Oou Chuan - *Chairman*

Teh Su-Ching

Lee Shen Wang

(Appointed on 23 February 2024)

CHARTERED SECRETARIES

Ng Sally

(SSM PC No. 202008002702 & MAICSA 7060343)

Goh Xin Yee

(SSM PC No. 202008000375 & MAICSA 7077870)

REGISTERED OFFICE

Lot PTD 6019 (Lot 8804)

Jalan Perindustrian 1

Kawasan Perindustrian Bukit Bakri

Mukim Bakri 84200 Muar

Johor Darul Takzim

Telephone No. : 606.986.5562

Facsimile No. : 606.986.5569

Email : sernkou@sernkou.com

Website : www.sernkou.com

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Telephone No. : 603.7890.4700

Facsimile No. : 603.7890.4670

E-mail : bsr.helpdesk@boardroomlimited.com

Corporate Information

PRINCIPAL BANKERS

Malayan Banking Berhad
AmBank Islamic Berhad
CIMB Islamic Bank Berhad
HSBC Bank Malaysia Berhad

AUDITORS

Messrs BDO PLT
[201906000013 (LLP 0018825-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
Warrant Code : 7180WA
Sector : Consumer Products & Services
Sub-Sector : Household Goods





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("24th 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, 22 November 2024 at 11.00 a.m. or at any adjournment thereof, for the following purposes: -

1. To receive the audited financial statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who are retiring in accordance with Paragraph 97 of the Company's Constitution: -
 - i) Mr Low Peng Sian @ Chua Peng Sian **(Ordinary Resolution 1)**
 - ii) Mr Lee Shen Wang **(Ordinary Resolution 2)**
 - iii) Ms Teh Su-Ching **(Ordinary Resolution 3)**
3. To approve the payment of Directors' Fees amounting up to RM800,000.00 for the financial year ending 30 June 2025. **(Ordinary Resolution 4)**
4. To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM3,500,000.00 for the period from 1 January 2025 until 31 December 2025. **(Ordinary Resolution 5)**
5. To re-appoint Messrs BDO PLT [201906000013 (LLP0018825-LCA) & AF 0206] as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Special Business

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

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

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

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

Notice of Annual General Meeting

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

(Ordinary Resolution 7)

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

By Order of the Board

NG SALLY (SSM PC No. 202008002702 & MAICSA 7060343)

GOH XIN YEE (SSM PC No. 202008000375 & MAICSA 7077870)

Chartered Secretaries

Kuala Lumpur

24 October 2024

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 14 November 2024.

Notice of Annual General Meeting

Explanatory Notes:

(i) Item 1 of the Agenda

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

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

Mr Low Peng Sian @ Chua Peng Sian, Mr Lee Shen Wang and Ms Teh Su-Ching are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th AGM.

The Directors standing for re-election at the forthcoming 24th AGM of the Company are: -

i.	Mr Low Peng Sian @ Chua Peng Sian	Paragraph 97	Ordinary Resolution 1
ii.	Mr Lee Shen Wang	Paragraph 97	Ordinary Resolution 2
iii.	Ms Teh Su-Ching	Paragraph 97	Ordinary Resolution 3

The Company's Nomination and Remuneration Committee, having reviewed the performance and contribution of Mr Low Peng Sian @ Chua Peng Sian, Mr Lee Shen Wang and Ms Teh Su-Ching respectively, was satisfied that each of them has performed and contributed to the effectiveness of the Board as a whole during the financial year.

The Board recommends shareholders to vote in favour of the re-election of Mr Low Peng Sian @ Chua Peng Sian, Mr Lee Shen Wang and Ms Teh Su-Ching respectively based on the following consideration:-

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

The profiles of the above retiring Directors are set out in the Annual Report 2024.

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

Section 230(1) of the Act provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 24th AGM on the Directors' Remuneration in two (2) separate resolutions as below: -

- Resolution 4 on payment of Directors' Fees for the financial year ending 30 June 2025;
- Resolution 5 on payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries for the period from 1 January 2025 until 31 December 2025 ("Relevant Period").

The payment of the Directors' Fees in respect of the financial year ending 30 June 2025 will only be made if the proposed Resolution 4 has been passed at the 24th AGM pursuant to Paragraph 105 of the Company's Constitution and Section 230(1) of the Act.

The estimated total amount of remuneration (excluding Directors' Fees) for the Relevant Period of RM3,500,000.00 comprise the insurance premium.

Notice of Annual General Meeting

Payment of Directors' Remuneration (excluding Directors' Fees) will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 5 has been passed at the 24th 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 mentioned period. In the event where the payment of Directors' Fees in respect of the financial year ending 30 June 2025 and Directors' Remuneration (excluding Directors' Fees) payable for the Relevant Period exceeded the estimated amount sought at the AGM, a separate shareholders' approval will be sought at the next AGM.

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

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

The Board therefore approved the AC's recommendation on the re-appointment of BDO as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 24th AGM.

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

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

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

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

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 24 November 2023 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

Audit Committee Report

The Board of Directors ("the Board") of Sern Kou Resources Berhad ("the Company") is pleased to present the Audit Committee ("the AC") Report for the financial year ended 30 June 2024.

COMPOSITION OF AC

The composition of the AC are as follows:

Chairperson

Teh Su-Ching – Independent Non-Executive Director

Members

Chua Oou Chuan – Independent Non-Executive Director

Seow Jing Hui – Independent Non-Executive Director

AUDIT COMMITTEE MEETINGS

The AC met five (5) times during the financial year ended 30 June 2024. The details of their attendance at meetings are as follows:-

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

The composition of the AC complied with the Paragraph 15.09(1)(a), (b) and (c) which composed of 3 members and all the committee members are independent non-executive directors. The Chairperson of the AC, Ms Teh Su-Ching, an Independent Non-Executive Director of the Company, is a Chartered Accountant of the Malaysian Institute of Accountants, a Fellow Member of Association of Certified Accountants (ACCA) and a Member of the Institute of Chartered Accountants in England and Wales (ICAEW).

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

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

During the financial year under review, the AC adopted the Conflict of Interest Policy and the revised Corporate Disclosure Policy on 24 April 2024. The Conflict of Interest Policy provides guidance to the AC and the Board on the action plan, measures to be taken to resolve, eliminate, or mitigate such conflict of interest or potential conflict of interest situation.

The AC also recommended that each Directors, identified key senior management or any person(s) who would fall within the parameter set out in the Conflict of Interest Policy would require to perform a half yearly declaration of their conflict of interest or potential conflict of interest arises for the AC's discussion and assessment of the action required.

Audit Committee Report

AUDIT COMMITTEE MEETINGS (Continued)

The AC had accordingly reviewed all the conflict of interest or potential conflict of interest's declarations (excluding a related party transaction) made by the respective persons as at the financial year ended under review and concluded that sufficient disclosure of all conflict of interest or potential conflict of interest (excluding a related party transaction) had been made and documented and the AC is satisfied save for those recurrent or related party transactions that had been disclosed earlier, there were no other conflict of interest or potential conflict of interest noted during the financial year under review.

The Terms of Reference of the AC had been revised and adopted on 24 April 2024 to ensure appropriate corporate governance and compliance with the guidelines and requirements and amongst others, the rights of the AC, which shall include: -

- (a) the authority to investigate any matter within its terms of reference and have the right of direct access to anyone in the Company to conduct a special investigation to be carried out for fraud, violation of code of conduct or an illegal act;
- (b) the resources which are required to perform its duties;
- (c) the full and unrestricted access to any information pertaining to the Group;
- (d) the direct communication channels with the external auditors and the internal auditors;
- (e) the right to obtain independent professional or other advice and to invite outside experts or advisors such as valuers, or tax consultants with relevant experience and expertise to attend the AC meetings (if required) and to brief the AC at the Company's expense; and
- (f) the right to convene meetings with the internal auditors and the external auditors, excluding the attendance of the Executive Directors, Management or employees of the Group, whenever deemed necessary.
- (g) Review the conflict of interest or potential conflict of interest's situation (excluding a related party transaction).

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 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.

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

Audit Committee Report

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 2024, 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 it complies with applicable Malaysian Financial Reporting Standards prior to submission to the Board for consideration and approval.
 - Reviewed any changes in the implementation of major accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Requirements of Bursa Malaysia Securities Berhad and other legal requirements.
 - Monitored the integrity of the financial statements of the Company and assessed whether the financial report represents a true and fair view of the Company's performance and ensured compliance with the regulatory requirements.
 - Proposed best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.
- b) Reviewing the Audit Findings of the External Auditors and Assessing the Performance, Suitability and Independence of External Auditors:
 - Reviewed the external auditors' audit plans, its scope of work and nature for the year and for the Group.
 - Reviewed the external auditors' findings arising from audits and in particular, responses, appropriate action taken by Management.
 - Reviewed the results of the evaluation of the accounting policies and systems of internal controls within the Group and the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
 - Reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year and assessed the independence of the external auditors for the re-appointment as external auditors. The AC is of the opinion that the independence of the external auditors has not been compromised based on the independent confirmation provided by the external auditors.
 - Conducted private meetings with the External Auditors without the presence of Executive Directors or employees of the Group.
 - Reviewed the co-operation and assistance given by Management to the External Auditors.

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE AC (Continued)

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

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE AC (Continued)

g) Business Operation / Major Expenditure in the Group

- Reviewed the progress update on E-invoicing implementation.
- Reviewed the major capital expenditure for the Group.
- Reviewed the proposed development of the sustainable forestry business segment through eucalyptus tree planting and the exploration of fund-raising opportunities to finance this initiative via the issuance of Islamic medium-term notes ('Sukuk').

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

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

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

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

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

During the financial year ended 30 June 2024, the outsourced internal audit function conducted regular reviews of business processes in accordance with the internal audit plan approved by the AC as follows: -

i) Enterprise Risk Management, which basically covers:

- Strategic Risks
- Human Resources Risks
- Operational Risks
- Financial Risks
- Legal and Regulatory Risks
- Information Technology General Control Risk

Audit Committee Report

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS (Continued)

ii) Follow Up Audit

- Valued Products (M) Sdn. Bhd. ("VPM") & Souncern Timber Sdn. Bhd. ("ST") Sales and Account Receivables Management Review and Employment Act 1955 & New Guidelines Review
- Sern Kou Furniture Industries Sdn. Bhd.'s ("SKFI") Inventory Management Review

iii) Sern Kou Plywood Sdn. Bhd., Operation and Inventory Management, which basically covers:-

- Review of Standard Operating Procedure and Compliance Test
- Production Planning, Work Scheduling and Control
- Material Planning
- Quality Management and Performance Measurement
- Waste Handling
- Production Meeting
- Machinery Periodic Maintenance
- Machinery Breakdown and Downtime

iv) SKFI, Inventory Management, which basically covers:

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

v) VPM and ST, Sales and Accounts Receivables Management, which basically covers:

- Review of Standard Operating Procedure and Compliance Test
- Matching of Sales Order Processing
- New Customer Assessment
- Existing Customer Evaluation
- Sales Credit Term and Credit Limit Approval
- Review of Sales Price basis and system control
- Accounts Receivables tracking and collections
- Debtors Aging and Provision for Doubtful Debts

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

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

The Group had incurred a total amount of RM56,000 for the internal audit function for the financial year ended 30 June 2024.

This report is made in accordance with the resolution of the Board dated 18 October 2024.

Corporate Governance Overview Statement

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

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

This statement should be read together with the 2024 CG Report of the Company which is available on the Company's website.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

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

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

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

The Board acknowledges the essential of ensuring that the Company's strategies promote sustainability. As in the furniture industry, the Board is strongly aware of the importance of balancing the environmental, social and governance 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 striking to achieve a better performance towards the goal at sustainable development.

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

Corporate Governance Overview Statement

1.1 Strategic Aims, Values and Standards (Continued)

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

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

Overall, it is the governance responsibilities of the Board to lead and control the Group. The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the MCCG to discharge its stewardship and fiduciary responsibilities. The Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the board accountability by providing their independent views, expertise, advice and 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 Conflict of Interest Policy and the revised Terms of References and revised Board Charter to be in line with the Companies Act 2016 ("Act"), MCCG and revisions to the Main Market Listing Requirements ("MMLR") and implemented the following as part of its continuous efforts in enhancing corporate governance.

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, 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 Independent Non-Executive Director whilst the MD is Mr Low Peng Sian @ Chua Peng Sian. The MD, together with the Executive Directors, have the overall responsibilities over the Group's operating units, organisational effectiveness and implementation of the Board policies and decisions.

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

Corporate Governance Overview Statement

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

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 Independent Non-Executive Directors. 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 Independent Non-Executive Director and he is not a member of the AC, NRC, and RMSC in the Company to ensure there is check and balance as well as objective review by the Board.

1.5 Qualified and Competent Secretaries

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

1.6 Access to Information and Advice

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

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

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

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

Corporate Governance Overview Statement

2. Demarcation of Responsibilities

2.1 Board Charter

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

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

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

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

3. Promoting Good Business Conduct and Corporate Structure

3.1 Code of Conduct and Ethics

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

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

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.

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.

Corporate Governance Overview Statement

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

The Board had on 27 May 2020 adopted the ABAC Policy 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 come into force on 1 June 2020.

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

3.4 Directors' Fit and Proper Policy

In line with the amendment to the MMLR, the Board also on 23 May 2022 adopted the Directors' Fit and Proper Policy, which outline 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 corporate governance practices.

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

4. Sustainability measure 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 Environmental, Social and Governance ("ESG") topics and KPIs disclosed in the ESG report. Aside from strategic guidance for management of its identified sustainability material matters and climate-related risk, the Board is also committed in advancing the ESG agenda across the organisation.

Supporting the Board is the Risk Management and Sustainability Committee ("RMSC"), which oversees the Group's sustainability blueprint, including material topics, strategies and targets. The RMSC is chaired by an Independent Non-Executive Director, together with a second Independent Non-Executive Director 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 the 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 EES topics and underlines SKRB's commitment to prioritising EESG matters and integrating them into Group operational strategies and decision making. The RMSC is in turn supported by the Executive Directors and Senior Management, and the Head of Department and Head of Division, to drive and implement sustainability strategies.

The Group has also grouped under the four (4) main sustainability pillars such as Economic, Environmental, Social and Governance.

Corporate Governance Overview Statement

4.2 Delivery of the Sustainability Consideration to Stakeholder

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

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

Further, Joshua Ryan Communication is also engaged to assist the Company to prepare the sustainability statement for the financial year ended 30 June 2024.

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

The Company had also disclosed the sustainability measures and forms of engagement with the stakeholder in the sustainability statement which also formed part of the Annual Report 2024 to the stakeholders, which provide further insight of the Group's efforts and commitment towards the sustainability issues surrounding the business operation.

4.3 Sustainability Issues and Opportunity

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

The Board has engaged an outsourced Internal Auditor to conduct Risk assessment/ review on group level and is also committed to tendering for a new audit firm on a regular basis. The Board maintains a robust Group Risk Register that is updated regularly and is gradually being expanded to include climate-related risks.

The Board had identified and highlighted several of the risks factor that associated with the business such as the rules and regulations, financial and ESG Risks Management, 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 endure a steady inventory of the products to meet the existing global market demands, while the Company strives to look more business opportunities in market with high or unmet potential.

Corporate Governance Overview Statement

4.4 Board and Senior Management Sustainability Evaluation

As addressing material sustainability risks and opportunities is the responsibility of the Board and Senior Management, the Board is looking into incorporating the evaluations to include the ESG considerations and sustainability yardstick to the Senior Management and their efforts in addressing the company's material sustainability risks and opportunities.

Nevertheless, the Boards review and evaluates its own performance and the performance of its committees on an annual basis to ensure accountability in the performance of the directors and senior management against the sustainability targets set upon them.

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

PART II – BOARD COMPOSITION

5. Strengthen Board's Objectivity

5.1 Board Composition Evaluation

The Board currently consists of eight (8) members, four (4) Independent Non-Executive Directors, three (3) Executive Directors and one (1) Non-Independent Non-Executive Director. The Directors' profiles are disclosed in the Annual Report 2024.

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR as at least 2 and more than one-third of the directors are Independent Directors. In addition, the independent directors represented 50% or half of the Board members and complied with Practice 5.2 of the MCCG.

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

5.2 Percentage of the Independent Director

Independence is important for ensuring objectivity and fairness in 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 Independent Non-Executive Directors ("INEDs") are required to declare that they will continue to bring independent and objective judgement to the Board during the review of Directors' independence as part of the annual assessment carried out by the NRC.

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

Corporate Governance Overview Statement

5.2 Percentage of the Independent Director (Continued)

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's 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-Independent Non-Executive Director. Otherwise, the Board must justify and seek shareholders' approval in the event that a Director, who has served in that capacity for more than nine (9) years, retains as an Independent Director.

5.5 Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which 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 endeavour 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 are 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 Managing Director, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, 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.

Corporate Governance Overview Statement

5.6 Re-Election of Directors (Continued)

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

Mr Low Peng Sian @ Chua Peng Sian, Mr Lee Shen Wang and Ms Teh Su-Ching will retire in accordance with Paragraph 97 of the Constitution of the Company and have offered themselves for re-election as Directors of the Company.

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

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 MCGG.

5.7 Identification of New Candidates for Appointment of Directors

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

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

5.8 NRC

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

Corporate Governance Overview Statement

5.8 NRC (Continued)

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.

During the financial year, the NRC had reviewed, assessed and recommended the change of the RMSC's members. The recommendation was proposed by the existing board member.

The NRC had considered and is of the view that the given the needs and size of the Company and the relevant higher cost to be incurred, the NRC opined that the utilisation of independent sources to identify suitably qualified candidates was not required at the moment.

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

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

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

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

- Reviewed and assessed annual assessment of the performance and effectiveness of the Board as a whole, the committee of the Board, contribution of each individual director;
- Reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees; Reviewed and assessed the independence of the Independent Non-Executive Directors;
- 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 adopted the revised board evaluation form;
- Adopted a new RMSC evaluation form to assess the performance of the RMSC;
- Adopted the revised Diversity Policy for the Board of Directors and Senior Management;
- 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 the revised Terms of Reference of the NRC to ensure its relevance to the NRC and recommended to the Board for approval;
- Reviewed and assessed the performance of the Managing Director;
- Reviewed and recommended the types of trainings suitable for the Board;
- Reviewed and recommended the bonus payment to the Managing Director and Executive Directors;
- Reviewed the proposed seating and Board Committees Fees for Committee Members and Directors' Fees;
- Reviewed and recommended the payment of Directors' Fees for the financial year ending 30 June 2025; and
- Reviewed and recommended the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries.

Corporate Governance Overview Statement

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

5.10 Gender Diversity Policy

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

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

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

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

6. Overall Board Effectiveness

6.1 Annual Evaluation

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

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

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

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

Corporate Governance Overview Statement

6.1 Annual Evaluation (Continued)

The attendance record of the Directors at Board and Board Committee meetings for the financial year ended 30 June 2024 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	-	-	4/4	1/1
Onn Kien Hoe	5/5	-	-	-	1/1
Loo Eng Hua	5/5	-	1/1	-	1/1
Lee Shen Wang	5/5	-	-	1/1	1/1
Siah Chew Peng	5/5	-	-	-	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

Note:

1. Mr Low Peng Sian @ Chua Peng Sian resigned as a member of RMSC on 23 February 2024.
2. Mr Lee Shen Wang was appointed a member of RMSC on 23 February 2024.

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 meetings.

Corporate Governance Overview Statement

6.2 Directors' Training (Continued)

During the financial year ended 30 June 2024, 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 corporate government development, as detailed hereunder: -

Name of Director	Course Attended	Date
Onn Kien Hoe	Malaysian Private Reporting Standards (MPERS) - Updates and Application of MPERS	4 – 5 July 2023
	Case Studies in Revenue Recognition Principles and Requirements for Recognising Revenue from Contracts with Customers including key considerations	24 October 2023
	MIA Webinar Series: Modified Auditors Opinion Vs Modified Audit Report	6 November 2023
	MIA International Accountants Conference 2024	11 – 12 June 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	24 – 25 June 2024
Low Peng Sian @ Chua Peng Sian	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	24 – 25 June 2024
Loo Eng Hua	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	24 – 25 June 2024
Lee Shen Wang	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	24 – 25 June 2024
Siah Chew Peng	Budget 2024 highlights, e-invoice and transfer pricing (Live Webinar)	31 January 2024
	ESG Essential: Navigating Implementation in the Timber Industry (Southern Region)	20 – 21 February 2024
	Modernising Meetings: Companies Act 2016 and Effective Governance (Live Webinar)	13 May 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	5 – 6 June 2024

Corporate Governance Overview Statement

6.2 Directors' Training (Continued)

Name of Director	Course Attended	Date
Teh Su-Ching	ECF Accelerator Programme - Fundraising Bootcamp	18 August 2023
	Leverage the Integrated Reporting Framework for Effective Adoption of IFRS S1 and S2 by JRC, Malaysia's IFRS certified Integrated Reporting training partner	4 December 2023
	ICAEW - The impact of ESG reporting across APAC	30 Jan 2024
	ESG Matters @ ACCA Webinar – double materiality assessment for sustainability reporting: Challenges of regulatory evolutions	31 Jan 2024
	ICAEW - The importance of data quality in cash flow forecasting	14 February 2024
	ACCA, Mastering Self Leadership and Motivation in the Workplace	22 February 2024
	Fuel your Business Principal's SME and Corporate Seminar organised by MIA	7 March 2024
	Webinar Unclaimed Money Act 1965 MIA	27 March 2024
	MIA Town Hall 2023/2024 (Session 1)	24 April 2024
	Retail and eCommerce Summit and Awards organised by Scribe Minds & Media	15 May 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	29 – 30 May 2024
Seow Jing Hui	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	12 – 13 June 2024
Chua Oou Chuan	NRC Dialogue that organised by ICDM	23 July 2023
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	12 – 13 June 2024

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

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

Corporate Governance Overview Statement

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 Code.

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

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

The NRC is chaired by Mr Chua Oou Chuan, an Independent Non-Executive Director of the Company and comprises a majority of Independent Non-Executive Directors. 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 directors and senior management. Individual pay levels should reflect the performance of the Company and the individual's skills and experience as well as responsibility undertaken. It is to ensure that the linkage between pay, and performance is robust.

Corporate Governance Overview Statement

7.2 Detailed Disclosure of Directors' Remuneration (Continued)

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

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

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

Details of the Directors' Remuneration (including benefits-in-kind) of each Director during the financial year ended 30 June 2024 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	4,800	-	-	-	2,761	7,561
Lee Shen Wang	2,400	-	-	-	2,761	5,161
Siah Chew Peng	-	315,000	38,959	-	2,761	356,720
TOTAL	7,200	315,000	38,959	-	8,283	369,442
Non-Executive Directors						
Onn Kien Hoe	113,000	-	-	-	2,760	115,760
Loo Eng Hua	345,700	-	-	-	2,761	348,461
Teh Su-Ching	81,700	-	-	-	2,760	84,460
Seow Jing Hui	76,900	-	-	-	2,761	79,661
Chua Oou Chuan	93,700	-	-	-	2,760	96,460
TOTAL	711,000	-	-	-	13,802	724,802

* Company's Car and Petrol Benefits.

^ Insurance Premium paid by the Company.

Corporate Governance Overview Statement

7.2 Detailed Disclosure of Directors' Remuneration (Continued)

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	4,800	1,920,000	233,875	39,670	2,761	2,201,106
Lee Shen Wang	2,400	640,000	77,958	23,950	2,761	747,069
Siah Chew Peng	-	315,000	38,959	11,100	2,761	367,820
TOTAL	7,200	2,875,000	350,792	74,720	8,283	3,315,995
Non-Executive Directors						
Onn Kien Hoe	113,000	-	-	-	2,760	115,760
Loo Eng Hua	345,700	-	-	17,400	2,761	365,861
Teh Su-Ching	81,700	-	-	-	2,760	84,460
Seow Jing Hui	76,900	-	-	-	2,761	79,661
Chua Oou Chuan	93,700	-	-	-	2,760	96,460
TOTAL	711,000	-	-	17,400	13,802	742,202

iii. Aggregate Directors' Remuneration

Categories of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Director Fees	7,200	711,000	7,200	711,000
Salary and Bonus	2,875,000	-	315,000	-
EPF, SOCSO and EIS Contribution	350,792	-	38,959	-
Benefit-In-Kind*	74,720	17,400	-	-
Other Emoluments^	8,283	13,802	8,283	13,802

* Company's Car and Petrol Benefits.

^ Insurance Premium paid by the Company.

Corporate Governance Overview Statement

7.2 Detailed Disclosure of Directors' Remuneration (Continued)

iv. Analysis of Directors' Remuneration

Total remuneration of Directors in respect of the financial year ended 30 June 2024, in bands of RM50,000 is tabulated below:

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

Corporate Governance Overview Statement

7.3 Remuneration of Top Two (2) Senior Management (Continued)

The number of top two (2) senior management whose remuneration (comprising salary, bonus and other emoluments) for the financial year ended 30 June 2024 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
RM250,001 to RM300,000	-
RM300,001 to RM350,000	-

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 process, review of related party transactions as well as conflict of interest situation. The AC also undertakes to provide oversight on the risk management framework of the Group.

In line with Practice 9.1 of the MCCG, the AC is chaired by an Independent Non-Executive Director 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 2024, are set out in the AC Report of this Annual Report.

8.1 Financial Reporting

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

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

The composition of the AC are as below: -

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

The AC has at least one (1) member 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.

Corporate Governance Overview Statement

8.2 Transparency and Professional relationship with the external auditors

None of the AC members are former key audit partners of the Group. Nevertheless, the AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC, which applied the requirement of Practice 9.2 of the Code. 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.

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

In this regard, the AC had on 17 October 2024 assessed the independence of Messrs BDO PLT as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by Messrs BDO PLT to the Company for the financial year ended 30 June 2024.

The AC was satisfied with Messrs BDO PLT's technical competency and audit independence and took note that the quantum of non-audit fee charged thereto was not material as compared to the total audit fees paid to Messrs BDO PLT. Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 30 June 2024 to the External Auditors are set out in the Additional Information of this Annual Report.

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

8.3 Financial Literacy of the AC

The AC complies with the recommendation of the 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, and 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.

Corporate Governance Overview Statement

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 AC oversees the risk management framework of the Group, reviews the risk assessment and management policies formulated by Management half-yearly together with the Internal Auditors and makes relevant recommendations to Management to update the Group Risk Profile. The AC 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 established the RMSC to review the risk management and sustainability aspect of the Group, which aim 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 AC Report and the Statement on Internal Control and Risk Management of the Annual Report.

10. Governance, Risk Management and Internal Control Framework

Pursuant to Practices 11.1 and 11.2 of the MCCG, the Board has outsourced the Internal Audit ("IA") function for the financial year ended 30 June 2024 to an independent assurance provider, namely Messrs Vaersa Advisory Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the AC.

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

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

The resources deployed to conduct the internal audit function are eight (8) staffs, and all of them possess the necessary qualification to conduct internal audit.

During the financial year under review, the Internal Auditors have conducted review on the Group in accordance to the Internal Audit 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 2024 Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 30 June 2024.

Corporate Governance Overview Statement

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication Between Company and Stakeholders

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

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

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

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

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

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholder Participation at General Meetings

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

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

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

Corporate Governance Overview Statement

12. Shareholder Participation at General Meetings (Continued)

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

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

For good corporate governance 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 of the 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.

To be in line with the MMLR of the Bursa Securities, the Company had implemented poll voting for all the proposed resolutions set out in the notice of 23rd 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 23rd AGM.

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

This CG Overview Statement was approved by the Board on 18 October 2024.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control of the Group for the financial year ended 30 June 2024. This Statement has been prepared in accordance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

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

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

The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control systems are in place for the financial year ended 30 June 2024 and are operating adequately and effectively, in all materials aspects.

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

RISK MANAGEMENT

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

The Risk Management and Sustainability Committee ("RMSC") meets at least three (3) 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 and Internal Control

INTERNAL AUDIT FUNCTION

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

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

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

During the financial year ended 30 June 2024, IA was undertaken and the results on the audits were presented to the Audit Committee. The scope of work of the outsourced IA function was determined by the Audit Committee after careful consideration and discussion with the Board.

The cost incurred in outsourcing the internal audit function for the financial year ended 30 June 2024 was at RM56,000.

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

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

- The Group maintains clearly defined and structured lines of reporting and responsibilities including proper segregation of duties, appropriate authority limits, adequate review and approval procedures;
- Formal Standard Operating Policies and Procedures are in place and they are annually reviewed and updated to ensure that it continues to support the Group's business activities as the Group continues to grow;

Certain subsidiaries within the Group adhered to and applied such ISO Quality Policies and Procedures. With such certification, audits are conducted by external parties yearly to ensure compliance with the requirements of the certification.

- Financial results are reviewed by the Audit Committee and the Board on a quarterly basis. An annual budget is prepared by Management to facilitate the monitoring of Group financial performance and the review of its actual performance against budget;
- Regular dialogues on operational matters with department heads are conducted by the Executive Directors;
- Scheduled management meetings to discuss the Group's operations and performance are held on a monthly basis;
- Quarterly reviews on the performance of the Group by the Board;
- Active participation of executive members of the Board in the day-to-day running of the operations; and
- Quarterly discussion between the Audit Committee and Management.

Statement on Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, 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 2024. Their review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

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

CONCLUSION

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

This Statement on Risk Management and Internal Control is made by the Board in accordance to its resolution dated 18 October 2024.

Statement of Directors' Responsibilities

In respect of the Preparation of the Financial Statements

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

In preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2024, the Directors of the Company have: -

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

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

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

Additional Compliance Information

MATERIAL CONTRACTS

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

CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

The Company did not carry out any corporate proposal nor utilise any proceeds derived from the corporate proposal during the financial year ended 30 June 2024.

RECURRENT RELATED PARTY TRANSACTION

During the financial year ended 30 June 2024, the Company did not enter into any recurrent related party transactions.

SHARE ISSUANCE SCHEME

The Company did not implement any share issuance scheme during the financial year ended 30 June 2024.

AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid or payable to Messrs BDO PLT, the external auditors by the Company and its subsidiaries during the financial year ended 30 June 2024 are as follow: -

Details of fees	Group (RM)	Company (RM)
Statutory Audit Fees	163,000	34,000
Non-Audit Fee	5,000	5,000
	168,000	39,000

Directors' Report and Audited Financial Statements

132	Directors' Report
137	Statement by Directors
137	Statutory Declaration
138	Independent Auditors' Report
142	Statements of Financial Position
143	Statements of Profit or Loss and Other Comprehensive Income
144	Statements of Changes in Equity
146	Statements of Cash Flows
149	Notes to the Financial Statements

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 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are mainly manufacturing, processing and trading all kinds of timber, wood and related products, and logging, processing and trading of rubberwood and timber. 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	(15,227,253)	(18,464,774)
Attributable to:		
Owners of the parent	(13,942,816)	(18,464,774)
Non-controlling interests	(1,284,437)	-
	(15,227,253)	(18,464,774)

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 2024.

RESERVES AND PROVISIONS

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

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

DIRECTORS

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

Sern Kou Resources Berhad

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

Subsidiaries of Sern Kou Resources Berhad

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2024 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 1.7.2023	Bought	Sold	Balance as at 30.6.2024
Shares in the Company				
Direct interests:				
Low Peng Sian @ Chua Peng Sian	153,064,500	69,399,900	-	222,464,400
Loo Eng Hua	300,000	-	(120,000)	180,000
Lee Shen Wang	120,000	-	-	120,000
Indirect interests:				
Low Peng Sian @ Chua Peng Sian	155,000,000	-	(118,110,000)	36,890,000

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

DIRECTORS' BENEFITS

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

- (a) remuneration received 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 2024 were as follows:

	Group RM	Company RM
Fees	718,200	718,200
Other emoluments	3,336,396	376,044
Estimated monetary value of benefits-in-kind	92,120	-
	4,146,716	1,094,244

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 RM22,085.

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

Directors' Report

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 no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

(III) AS AT THE DATE OF THIS REPORT

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

Directors' Report

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 2024 were as follows:

	Group RM	Company RM
Statutory audit	163,000	34,000
Non-statutory audit	5,000	5,000
	168,000	39,000

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

Low Peng Sian @ Chua Peng Sian
Director

Johor Bahru
18 October 2024

Lee Shen Wang
Director

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 142 to 205 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 2024 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Low Peng Sian @ Chua Peng Sian
Director

Johor Bahru
18 October 2024

Lee Shen Wang
Director

Statutory Declaration

I, Tang Choon Yen (CA 23402), being the officer primarily responsible for the financial management of Sern Kou Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 142 to 205 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)
18 October 2024)

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 2024 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 142 to 205.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

Independence and Other Ethical Responsibilities

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

KEY AUDIT MATTERS

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

Key Audit Matter of the Group

Recoverability of trade receivables

As at 30 June 2024, gross trade receivables of the Group amounted to RM148,770,739. The details of trade receivables and their credit risks have been disclosed in Note 12 and Note 31 to the financial statements.

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

Independent Auditors' Report

To The Members Of Sern Kou Resources Berhad
(Incorporated in Malaysia)

KEY AUDIT MATTERS (CONTINUED)

Audit response

Our audit procedures included the following:

- a) recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- b) recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward looking information of the Group; and
- c) inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses.

Key Audit Matter of the Company

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

Independent Auditors' Report

To The Members Of Sern Kou Resources Berhad

(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Independent Auditors' Report

To The Members Of Sern Kou Resources Berhad

(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
18 October 2024

Francis Cyril A/L S R Singam

03056/04/2025 J
Chartered Accountant

Statements Of Financial Position

As At 30 June 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	80,280,669	82,019,596	-	-
Right-of-use assets	8	35,212,006	27,522,268	-	-
Investment properties	9	13,030,000	13,030,000	-	-
Investments in subsidiaries	10	-	-	101,699,508	112,937,457
		128,522,675	122,571,864	101,699,508	112,937,457
Current assets					
Inventories	11	21,115,724	28,805,345	-	-
Trade and other receivables	12	156,680,668	112,488,695	4,013,788	6,516,181
Current tax recoverable		2,532,650	2,289,633	31,862	76,875
Cash and bank balances	14	63,855,041	80,235,287	22,220,412	26,911,084
		244,184,083	223,818,960	26,266,062	33,504,140
TOTAL ASSETS		372,706,758	346,390,824	127,965,570	146,441,597
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	111,873,388	126,076,887	21,070,773	39,535,547
		218,656,639	232,860,138	127,854,024	146,318,798
Non-controlling interests	10	2,657,963	3,942,400	-	-
TOTAL EQUITY		221,314,602	236,802,538	127,854,024	146,318,798
LIABILITIES					
Non-current liabilities					
Borrowings	17	8,867,478	10,711,038	-	-
Lease liabilities	8	10,404,652	3,388,438	-	-
Deferred tax liabilities	18	15,763,199	15,763,448	-	-
		35,035,329	29,862,924	-	-
Current liabilities					
Trade and other payables	19	24,372,985	15,040,485	111,546	122,799
Borrowings	17	88,020,818	62,951,464	-	-
Lease liabilities	8	3,768,420	1,733,413	-	-
Current tax liabilities		194,604	-	-	-
		116,356,827	79,725,362	111,546	122,799
TOTAL LIABILITIES		151,392,156	109,588,286	111,546	122,799
TOTAL EQUITY AND LIABILITIES		372,706,758	346,390,824	127,965,570	146,441,597

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 2024

		2024 RM	Group 2023 RM	2024 RM	Company 2023 RM
Note					
Revenue	22	493,769,301	380,631,726	1,980,000	1,980,000
Cost of sales		(481,940,702)	(361,541,370)	-	-
Gross profit		11,828,599	19,090,356	1,980,000	1,980,000
Other income		2,180,097	2,074,894	372,192	57,525
Other income - insurance compensation		719,215	8,260,363	-	-
Loss on inventory and property, plant and equipment due to fire incident		-	(6,038,960)	-	-
Selling and distribution expenses		(3,714,918)	(3,210,297)	-	-
Administrative expenses		(18,447,421)	(11,296,953)	(20,510,998)	(1,468,437)
Other operating expenses		(17,996)	(1,117,627)	-	-
Net gain/(loss) on impairment of financial assets	12(c)	103,673	(310,765)	-	-
Finance costs	23	(5,642,846)	(3,670,450)	-	-
(Loss)/Profit before taxation	24	(12,991,597)	3,780,561	(18,158,806)	569,088
Taxation	25	(2,235,656)	(2,527,801)	(305,968)	(148,000)
(Loss)/Profit for the financial year		(15,227,253)	1,252,760	(18,464,774)	421,088
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss					
Fair value adjustment on revaluation of properties, net of tax	25(a)	(260,683)	(1,431,427)	-	-
Total other comprehensive loss, net of tax		(260,683)	(1,431,427)	-	-
Total comprehensive (loss)/income		(15,487,936)	(178,667)	(18,464,774)	421,088
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(13,942,816)	1,302,468	(18,464,774)	421,088
Non-controlling interests	10	(1,284,437)	(49,708)	-	-
		(15,227,253)	1,252,760	(18,464,774)	421,088
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(14,203,499)	(128,959)	(18,464,774)	421,088
Non-controlling interests	10	(1,284,437)	(49,708)	-	-
		(15,487,936)	(178,667)	(18,464,774)	421,088
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen)					
- Basic and diluted	26	(1.29)	0.14		

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

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	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
Group							
Balance as at 1 July 2023		106,783,251	44,862,560	81,214,327	232,860,138	3,942,400	236,802,538
Loss for the financial year		-	-	(13,942,816)	(13,942,816)	(1,284,437)	(15,227,253)
<u>Other comprehensive loss, net of tax</u>							
Impairment loss	25(a)	-	(260,683)	-	(260,683)	-	(260,683)
Total comprehensive loss		-	(260,683)	(13,942,816)	(14,203,499)	(1,284,437)	(15,487,936)
Balance as at 30 June 2024		106,783,251	44,601,877	67,271,511	218,656,639	2,657,963	221,314,602
Balance as at 1 July 2022		76,708,967	46,293,987	79,911,859	202,914,813	2,032,108	204,946,921
Profit/(Loss) for the financial year		-	-	1,302,468	1,302,468	(49,708)	1,252,760
<u>Other comprehensive loss, net of tax</u>							
Fair value adjustment on revaluation of properties, net of tax							
- gain	25(a)	-	3,035,957	-	3,035,957	-	3,035,957
- loss	25(a)	-	(565,311)	-	(565,311)	-	(565,311)
Impairment loss	25(a)	-	(3,902,073)	-	(3,902,073)	-	(3,902,073)
Total comprehensive (loss)/income		-	(1,431,427)	1,302,468	(128,959)	(49,708)	(178,667)
Transactions with owners							
Ordinary shares issued pursuant to warrants exercised	15	30,074,284	-	-	30,074,284	-	30,074,284
Additional shares subscribed by non-controlling interests		-	-	-	-	1,960,000	1,960,000
Total transactions with owners		30,074,284	-	-	30,074,284	1,960,000	32,034,284
Balance as at 30 June 2023		106,783,251	44,862,560	81,214,327	232,860,138	3,942,400	236,802,538

Statements Of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
Balance as at 1 July 2023		106,783,251	39,535,547	146,318,798
Loss for the financial year		-	(18,464,774)	(18,464,774)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(18,464,774)	(18,464,774)
Balance as at 30 June 2024		106,783,251	21,070,773	127,854,024
Balance as at 1 July 2022		76,708,967	39,114,459	115,823,426
Profit for the financial year		-	421,088	421,088
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	421,088	421,088
Transaction with owners				
Ordinary shares issued pursuant to warrants exercised	15	30,074,284	-	30,074,284
Balance as at 30 June 2023		106,783,251	39,535,547	146,318,798

Statements Of Cash Flows

For The Financial Year Ended 30 June 2024

		2024	Group	2023	Company	2023
	Note	RM	2023	RM	2024	RM
			RM		RM	
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/Profit before taxation		(12,991,597)	3,780,561	(18,158,806)		569,088
Adjustments for:						
Property, plant and equipment						
- depreciation	7	3,184,373	3,342,379	-		-
- written off		392	2,537,033	-		-
- impairment loss	7(f)	4,680,203	1,084,487	-		-
- gain on disposal	24	(295,361)	(643,042)	-		-
Right-of-use assets						
- depreciation	8	3,417,741	2,191,663	-		-
- impairment loss	8(j)	1,523,033	-	-		-
- gain on disposal	24	(15,701)	-	-		-
Inventories written off	11	-	3,514,624	-		-
Impairment loss on investment in a subsidiary	10	-	-	16,097,949		-
Impairment loss on trade receivables	12(c)	-	310,765	-		-
Reversal of impairment loss on trade receivables	12(c)	(103,673)	-	-		-
Impairment loss on other receivables	12(e)	-	-	3,000,000		-
Gain on lease termination	8(c)	(3,431)	-	-		-
Bad debt written off	24	-	186,801	-		-
Interest expense	23	5,642,846	3,670,450	-		-
Interest income	24	(479,931)	(186,358)	(372,164)		(57,525)
Unrealised gain on foreign exchange	24	(19,361)	(9,547)	-		-
Operating profit before changes in working capital		4,539,533	19,779,816	566,979		511,563
Changes in working capital:						
Inventories		7,689,621	(1,700,489)	-		-
Trade and other receivables		(44,088,300)	(10,431,377)	2,393		7,944
Trade and other payables		8,916,200	(10,128,369)	(11,253)		20,059
Cash (used in)/generated from operations		(22,942,946)	(2,480,419)	558,119		539,566
Tax paid		(2,217,020)	(4,813,861)	(260,955)		(224,875)
Tax refunded		15,022	-	-		-
Net cash (used in)/from operating activities		(25,144,944)	(7,294,280)	297,164		314,691

Statements Of Cash Flows

For The Financial Year Ended 30 June 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Consideration from non-controlling interest on subscription of new shares of a subsidiary		-	1,960,000	-	-
Advances to a subsidiary		-	-	(4,500,000)	(6,500,000)
Interest received		479,931	186,358	372,164	57,525
Investment in a subsidiary		-	-	(860,000)	-
Right-of-use assets					
- purchase	8(d)	(661,541)	(598,123)	-	-
- proceeds from disposal		98,000	-	-	-
Property, plant and equipment					
- purchase	7(d)	(6,275,565)	(2,776,855)	-	-
- proceeds from disposal		300,024	1,605,000	-	-
Net cash (used in)/from investing activities		(6,059,151)	376,380	(4,987,836)	(6,442,475)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest expense		(5,642,846)	(3,670,450)	-	-
Drawdown of revolving credit		3,000,000	-	-	-
Repayment of term loans		(1,875,348)	(3,458,143)	-	-
Net drawdown of bankers' acceptance		21,700,707	9,281,050	-	-
Placement of deposits pledged		(1,146,387)	(577,276)	-	-
Repayment of lease liabilities	8	(2,778,460)	(1,869,063)	-	-
Proceeds from issuance of ordinary shares pursuant to warrants exercised	15	-	30,074,284	-	30,074,284
Net cash from financing activities		13,257,666	29,780,402	-	30,074,284
Net (decrease)/increase in cash and cash equivalents		(17,946,430)	22,862,502	(4,690,672)	23,946,500
Effect of exchange rate changes on cash and cash equivalents		19,361	3,341	-	-
Cash and cash equivalents at beginning of financial year		77,214,260	54,348,417	26,911,084	2,964,584
Cash and cash equivalents at end of financial year	14(d)	59,287,192	77,214,260	22,220,412	26,911,084

Statements Of Cash Flows

For The Financial Year Ended 30 June 2024

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 2023	12,527,117	59,256,016	-	5,121,851
Cash flows				
- Drawdown of principal	-	240,326,984	3,000,000	-
- Repayment of principal	(1,875,348)	(218,626,277)	-	(2,778,460)
- Payment of interests	(660,600)	(3,563,204)	(78,711)	(534,479)
Non-cash flows:				
- Additions	-	-	-	11,878,833
- Interest expense	660,600	3,563,204	78,711	534,479
- Termination	-	-	-	(66,451)
- Reassessments	-	-	-	17,299
As at 30 June 2024	10,651,769	80,956,723	3,000,000	14,173,072
As at 1 July 2022	15,985,260	49,974,966	-	6,363,767
Cash flows				
- Drawdown of principal	-	180,888,566	-	-
- Repayment of principal	(3,458,143)	(171,607,516)	-	(1,869,063)
- Payment of interests	(739,435)	(1,927,522)	-	(308,829)
Non-cash flows:				
- Additions	-	-	-	618,500
- Interest expense	739,435	1,927,522	-	308,829
- Reassessments	-	-	-	8,647
As at 30 June 2023	12,527,117	59,256,016	-	5,121,851

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

Notes To The Financial Statements

30 June 2024

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 2024 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 October 2024.

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 2024

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 comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 Business combinations

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

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

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

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

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

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

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

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

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

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

4.4 Property, plant and equipment and depreciation

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

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

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

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

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

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

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

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

4.5 Leases

Right-of-use asset

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

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

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

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

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Investment properties

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

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

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

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

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

4.7 Investments

Subsidiaries

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

4.8 Inventories

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

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

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

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments

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

(a) Financial assets

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

(b) Financial liabilities

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

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

(c) Equity instruments

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

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

4.10 Impairment of financial assets

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

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

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

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

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment of financial assets (continued)

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

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

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

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 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.12 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.

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.12 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.13 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

Sale of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

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 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Revenue recognition (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) Management fees services

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

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(d) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

4.14 Operating segments

Operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision makers (i.e. the Group's Executive Directors) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

4.15 Fair value measurement

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

Notes To The Financial Statements

30 June 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.15 Fair value measurement (continued)

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

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

Notes To The Financial Statements

30 June 2024

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 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to MFRS Accounting Standards	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's result and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.

Notes To The Financial Statements

30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.7.2023 RM	Additions RM	Disposals RM	Written off RM	Impairment loss RM	Transfer to right-of- use assets (Note 8) RM	Depreciation charge for the financial year RM	Balance as at 30.6.2024 RM
Carrying amount								
Freehold land	15,370,000	-	-	-	-	-	-	15,370,000
Buildings	55,410,000	309,595	-	-	(151,400)	-	(1,034,797)	54,533,398
Machinery, factory equipment, tools and equipment	9,317,623	983,612	-	(392)	(3,884,371)	-	(1,823,147)	4,593,325
Motor vehicle and forklifts	746,863	417,943	(1)	-	(5,134)	(409,761)	(125,629)	624,281
Office equipment, furniture and fittings	509,427	82,560	(4,662)	-	(344,243)	-	(95,931)	147,151
Renovation	665,683	39,200	-	-	(446,455)	-	(104,869)	153,559
Construction work-in- progress	-	4,858,955	-	-	-	-	-	4,858,955
	82,019,596	6,691,865	(4,663)	(392)	(4,831,603)	(409,761)	(3,184,373)	80,280,669
At 30.6.2024								
		Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM		
Freehold land	-	-	15,370,000	-	-	15,370,000		
Buildings	-	-	57,823,143	(1,310,025)	(1,979,720)	54,533,398		
Machinery, factory equipment, tools and equipment	25,123,665	-	-	(16,645,969)	(3,884,371)	4,593,325		
Motor vehicle and forklifts	4,469,702	-	-	(3,840,287)	(5,134)	624,281		
Office equipment, furniture and fittings	1,872,309	-	-	(1,380,915)	(344,243)	147,151		
Renovation	3,452,260	-	-	(2,852,246)	(446,455)	153,559		
Construction work-in-progress	4,858,955	-	-	-	-	4,858,955		
	39,776,891	73,193,143	(26,029,442)	(6,659,923)		80,280,669		

Notes To The Financial Statements

30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.7.2022 RM	Additions RM	Disposals RM	Written off RM	Impairment due to fire incident RM	Net fair value adjustment RM	Transfer from right-of -use assets (Note 8) RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
Carrying amount	15,370,000	-	-	-	-	-	-	-	15,370,000
Freehold land	61,965,195	431,160	-	-	(7,079,970)	1,326,556	-	(1,232,941)	55,410,000
Buildings									
Machinery, factory equipment, tools and equipment	9,711,901	2,077,714	(961,954)	(7,453)	(578,673)	-	678,299	(1,602,211)	9,317,623
Motor vehicle and forklifts	442,036	576,643	(4)	-	-	-	47,917	(319,729)	746,863
Office equipment, furniture and fittings	497,879	106,226	-	(5,244)	-	-	-	(89,434)	509,427
Renovation	620,735	143,012	-	-	-	-	-	(98,064)	665,683
	88,607,746	3,334,755	(961,958)	(12,697)	(7,658,643)	1,326,556	726,216	(3,342,379)	82,019,596

	Cost RM	Valuation RM	Accumulated depreciation RM	At 30.6.2023 Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Freehold land	-	15,370,000	-	-	-	15,370,000
Buildings	-	57,437,368	(199,048)	(1,828,320)	-	55,410,000
Machinery, factory equipment, tools and equipment	24,196,803	-	(14,879,180)	-	-	9,317,623
Motor vehicle and forklift	4,891,879	-	(4,145,016)	-	-	746,863
Office equipment, furniture and fittings	1,802,244	-	(1,292,817)	-	-	509,427
Renovation	3,413,060	-	(2,747,377)	-	-	665,683
	34,303,986	72,807,368	(23,263,438)	(1,828,320)	-	82,019,596

Notes To The Financial Statements

30 June 2024

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:

	2024 RM	Group 2023 RM
Freehold land	6,343,186	6,343,186
Buildings	22,890,032	23,040,526
	29,233,218	29,383,712

- (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:

	2024 RM	Group 2023 RM
Freehold land	11,780,000	11,780,000
Buildings	54,533,398	55,410,000
	66,313,398	67,190,000

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

2024	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	-	15,370,000	15,370,000
Buildings	-	-	54,533,398	54,533,398
	-	-	69,903,398	69,903,398

2023	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	-	15,370,000	15,370,000
Buildings	-	-	55,410,000	55,410,000
	-	-	70,780,000	70,780,000

- (i) Freehold land and buildings ('properties') of the Group were revalued on 30 June 2024 and 30 June 2023 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.

Notes To The Financial Statements

30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

(iii) There were no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2024 and 30 June 2023.

(iv) Method of valuation

Comparison method

The comparison method comparing the subject properties with similar properties in the locality or larger neighbourhood which were recently sold and asking selling prices with adjustments made for location, size, shape and terrain of land, accessibility, tenure, title restriction if any, availability of infrastructure and other relevant characteristics.

Cost method

Under the cost method, the value of the buildings are based on the estimated replacement cost less depreciation. The estimated replacement cost is the amount required to rebuild the entire building based on current market price for labour, materials, equipment and construction technique. The depreciation is based on the age and condition of the building to estimate the remaining useful life of the building.

(v) Description of valuation techniques used and key inputs to valuation on properties measured at Level 3 of the fair value hierarchy:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Freehold land	Comparison method	Price per square foot	RM6 to RM40 (2023: RM6 to RM40)	Lower or higher price per square foot, lower or higher fair value.
Buildings	Cost method	Estimated replacement cost per square foot	RM54 to RM120 (2023: RM54 to RM120)	Lower or higher estimated replacement cost, higher or lower fair value.

Notes To The Financial Statements

30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) 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 as Level 3 of the fair value hierarchy:

	2024 RM	Group 2023 RM
Balance as at beginning of financial year	70,780,000	77,335,195
Additions	309,595	431,160
Depreciation	(1,034,797)	(1,232,941)
Impairment loss (Note 25(a))	(151,400)	-
Impairment due to fire incident recognised in:		
- profit or loss	-	(1,945,663)
- other comprehensive income (Note 25(a))	-	(5,134,307)
	-	(7,079,970)
Fair value adjustment:		
- gain recognised in other comprehensive income (Note 25(a))	-	3,154,876
- loss recognised in profit or loss	-	(1,084,487)
- loss recognised in other comprehensive income (Note 25(a))	-	(743,833)
	-	1,326,556
Balance as at end of financial year	69,903,398	70,780,000

(d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2024 RM	2023 RM
Additions of property, plant and equipment	6,691,865	3,334,755
Amount owing to vendors	(416,300)	(557,900)
Cash payments on purchase of property, plant and equipment	6,275,565	2,776,855

(e) During the financial year, the Group has written off property, plant and equipment amounted to RM392.

In the previous financial year, arising from a fire incident which occurred on 16 December 2022, the Group had written off building and machinery, factory equipment, tools and equipment amounting to RM7,079,970 and RM578,673 respectively.

Notes To The Financial Statements

30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (f) Assets for which recoverable amount is measured at fair value

Impairment losses on property, plant and equipment of the Group of RM4,680,203 and RM151,400 were recognised within administrative expenses and impairment loss in the statement of profit or loss and other comprehensive income of the Group respectively during the financial year due to decline in operations of certain subsidiaries. There were no indications of impairment in respect of these subsidiaries in the previous financial year.

Recoverable amount is based on the fair value less costs of disposal ("FVLCD") for the property, plant and equipment of the affected subsidiaries. In determining the FVLCD, the Group has applied the valuation methodologies as follows:

2024	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Buildings	-	-	7,267,200	7,267,200
Machinery, factory equipment, tools and equipment	-	-	1,997,264	1,997,264
	-	-	9,264,464	9,264,464

The valuation method for buildings is based on comparison approach which entails analysing recent sale transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, size, age and condition of unit and building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

The valuation method for machinery, factory equipment, tools and equipment is based on market data approach. The market data approach is used in valuing assets where there is an established market comparable. This considers prices for offers and/or transacted sales for similar assets, and where further adjustments (if deemed needed) are then imputed relative to these comparable data, to reflect the condition and utility of the subject assets in order to arrive at the fair market value.

Notes To The Financial Statements

30 June 2024

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Carrying amount	Balance as at 1.7.2023 RM	Additions RM	Disposal RM	Termination RM	Impairment loss RM	Reassessments RM	Transfer from property, plant and equipment (Note 7) RM	Depreciation RM	Balance as at 30.6.2024 RM
Leasehold land	22,250,000	-	-	-	(191,603)	-	-	(302,697)	21,755,700
Buildings	1,789,548	899,520	-	(63,020)	(1,017,912)	17,299	-	(823,391)	802,044
Machinery	230,067	-	-	-	-	-	-	(24,650)	205,417
Motor vehicle	3,252,653	11,640,854	(82,299)	-	(505,121)	-	409,761	(2,267,003)	12,448,845
	27,522,268	12,540,374	(82,299)	(63,020)	(1,714,636)	17,299	409,761	(3,417,741)	35,212,006

	Cost RM	Valuation RM	At 30.6.2024 Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Leasehold land	-	22,250,000	(302,697)	(191,603)	21,755,700
Buildings	4,272,504	-	(2,452,548)	(1,017,912)	802,044
Machinery	246,500	-	(41,083)	-	205,417
Motor vehicle	17,158,034	-	(4,204,068)	(505,121)	12,448,845
	21,677,038	22,250,000	(7,000,396)	(1,714,636)	35,212,006

Notes To The Financial Statements

30 June 2024

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

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

	Balance as at 1.7.2022 RM	Additions RM	Fair value adjustment RM	Reassessments RM	Transfer to property, plant and equipment (Note 7) RM	Depreciation RM	Balance as at 30.6.2023 RM
Carrying amount							
Leasehold land	21,220,061	476,722	839,806	-	-	(286,589)	22,250,000
Buildings	2,583,663	-	-	8,647	-	(802,762)	1,789,548
Machinery	788,184	246,500	-	-	(678,299)	(126,318)	230,067
Motor vehicle	3,783,163	493,401	-	-	(47,917)	(975,994)	3,252,653
	28,375,071	1,216,623	839,806	8,647	(726,216)	(2,191,663)	27,522,268

	At 30.6.2023				Carrying amount RM
	Cost RM	Valuation RM	Accumulated depreciation RM		
Leasehold land	-	22,250,000	-	-	22,250,000
Buildings	4,093,386	-	(2,303,838)	-	1,789,548
Machinery	246,500	-	(16,433)	-	230,067
Motor vehicle	5,314,154	-	(2,061,501)	-	3,252,653
	9,654,040	22,250,000	(4,381,772)	-	27,522,268

Notes To The Financial Statements

30 June 2024

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

(II) Lease liabilities

	2024 RM	Group 2023 RM
Balance as at 1 July 2023/2022	5,121,851	6,363,767
Additions	11,878,833	618,500
Lease payment	(3,312,939)	(2,177,892)
Termination	(66,451)	-
Reassessments	17,299	8,647
Interest expense	534,479	308,829
Balance as at 30 June 2024/2023	14,173,072	5,121,851
Represented by:		
Current liabilities	3,768,420	1,733,413
Non-current liabilities	10,404,652	3,388,438
	14,173,072	5,121,851
Lease liabilities owing to financial institutions	12,237,789	3,183,617
Lease liabilities owing to non-financial institutions	1,935,283	1,938,234
	14,173,072	5,121,851

- (a) As at the end of the reporting period, leasehold land with a carrying amount of RM21,302,723 (2023: RM21,740,000) 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:

	2024 RM	Group 2023 RM
Depreciation of right-of-use assets (included in cost of sales and administrative expenses)	3,417,741	2,191,663
Interest expense on lease liabilities (included in finance costs)	534,479	308,829
Gain on disposal (included in other income)	(15,701)	-
Gain on lease termination (included in other income)	(3,431)	-
Expense relating to short-term leases (included in cost of sales)	106,800	129,850

Notes To The Financial Statements

30 June 2024

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:

	2024 RM	Group 2023 RM
Additions of right-of-use assets	12,540,374	1,216,623
Financed by lease arrangement:		
- addition of right-of-use assets for machinery	(10,979,313)	(246,500)
- addition of right-of-use assets for motor vehicle	-	(372,000)
- addition of right-of-use assets for buildings	(899,520)	-
Net cash payments on right-of-use assets	661,541	598,123

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

	2024 RM	Group 2023 RM
Included in net cash flow on operating activities:		
Payment relating to short-term leases	106,800	129,850
Included in net cash flow on investing activities:		
Net cash payments on right-of-use assets	661,541	598,123
Included in net cash flow on financing activities:		
Payment of lease liabilities	2,778,460	1,869,063
Payment of lease interests	534,479	308,829
Total cash outflows for leases	4,081,280	2,905,865

- (f) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

- (g) Weighted average incremental borrowing rate of the lease liabilities of the Group as at the end of the reporting period is 4.07% (2023: 5.76%) per annum.

Notes To The Financial Statements

30 June 2024

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:

	2024 RM	Group 2023 RM
Leasehold land	8,249,035	8,364,840

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

2024	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold land	-	-	21,755,700	21,755,700

2023	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold land	-	-	22,250,000	22,250,000

- (i) Leasehold land ('properties') of the Group were revalued on 30 June 2024 and 30 June 2023 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 were no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2024 and 30 June 2023.
- (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.

Notes To The Financial Statements

30 June 2024

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

(i) The fair value of the 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
Leasehold land	Comparison method	Price per square foot	RM6 to RM40 (2023: RM6 to RM 40)	Lower or higher price per square foot, lower or higher fair value.

(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:

	2024 RM	Group 2023 RM
Balance as at 1 July 2023/2022	22,250,000	21,220,061
Additions	-	476,722
Depreciation	(302,697)	(286,589)
Fair value adjustment - gain recognised in other comprehensive income (Note 25(a))	-	839,806
Impairment loss (Note 25(a))	(191,603)	-
Balance as at 30 June 2024/2023	21,755,700	22,250,000

(j) Assets for which recoverable amount is measured at fair value

Impairment losses on right-of-use assets of the Group of RM1,523,033 and RM191,603 was recognised within administrative expenses and impairment loss in the statement of profit or loss and other comprehensive income of the Group respectively during the financial year due to decline in operations of certain subsidiaries. There were no indications of impairment in respect of these subsidiaries in the previous financial year.

Recoverable amount is based on the fair value less costs of disposal ("FVLCD") for the right-of-use assets of the affected subsidiaries. In determining the FVLCD, the Group has applied the valuation methodologies as follows:

2024	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Buildings	-	-	7,075,200	7,075,200
Motor vehicle	-	-	286,841	286,841
	-	-	7,362,041	7,362,041

Notes To The Financial Statements

30 June 2024

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

(j) Assets for which recoverable amount is measured at fair value (continued)

The valuation method for buildings is based on comparison approach which entails analysing recent sale transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, size, age and condition of unit and building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

The valuation method for motor vehicle is based on market data approach. The market data approach is used in valuing assets where there is an established market comparable. This considers prices for offers and/or transacted sales for similar assets, and where further adjustments (if deemed needed) are then imputed relative to these comparable data, to reflect the condition and utility of the subject assets in order to arrive at the fair market value.

9. INVESTMENT PROPERTIES

Group	Balance as at 1.7.2023 RM	Addition RM	Balance as at 30.6.2024 RM
At fair value			
Freehold land	4,490,000	-	4,490,000
Freehold building	8,540,000	-	8,540,000
	13,030,000	-	13,030,000

Group	Balance as at 1.7.2022 RM	Addition RM	Balance as at 30.6.2023 RM
At fair value			
Freehold land	4,490,000	-	4,490,000
Freehold building	8,540,000	-	8,540,000
	13,030,000	-	13,030,000

(a) At the end of the reporting period, investment properties with a carrying amount of RM13,030,000 (2023: 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.

Notes To The Financial Statements

30 June 2024

9. INVESTMENT PROPERTIES (CONTINUED)

- (b) The following are recognised in profit or loss:

	2024 RM	Group 2023 RM
Lease income	396,000	384,000
Direct operating expenses - generating rental income	18,704	18,607

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

2024	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Freehold land	-	-	4,490,000	4,490,000
Freehold building	-	-	8,540,000	8,540,000
	-	-	13,030,000	13,030,000
2023				
Freehold land	-	-	4,490,000	4,490,000
Freehold building	-	-	8,540,000	8,540,000
	-	-	13,030,000	13,030,000

- (i) Freehold land and building of the Group were revalued on 30 June 2024 and 30 June 2023 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 were no transfer between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 30 June 2024 and 30 June 2023.
- (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 2024

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	RM40 (2023: RM40)	Lower or higher price per square foot, lower or higher fair value.
Freehold building	Cost method	Estimated replacement cost per square foot	RM119 (2023: 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	
	2024 RM	2023 RM
Less than one year	1,386,000	396,000
One to two years	273,000	132,000
	1,659,000	528,000

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM	2023 RM
Unquoted shares, at cost	117,797,457	112,937,457
Less: Impairment loss on investment in unquoted shares	(16,097,949)	-
	101,699,508	112,937,457

Notes To The Financial Statements

30 June 2024

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		Principal activities
		2024 %	2023 %	
Sern Kou Furniture Industries Sdn. Bhd. ("SKFI") #	Malaysia	100	100	Manufacturing, processing and trading all kinds of timber, wood and related products
S.K. Furniture Sdn. Bhd. ("SKF") #	Malaysia	100	100	Manufacturing and trading wooden furniture
Valued Products (M) Sdn. Bhd. ("VPM") #	Malaysia	100	100	Manufacturing, processing, trading and transportation of all kinds of timber, wood and related products
Souncern Timber Sdn. Bhd. ("ST") #	Malaysia	100	100	Logging, processing and trading of rubberwood and timber
SK Sustainable Forestry Development Sdn. Bhd. ("SKSF") #	Malaysia	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 Sustainable Forestry Development Sdn. Bhd. ("SKSF") #	Malaysia	-	100	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts
SK Biotech Sdn. Bhd. ("SKB") #	Malaysia	51	51	Research and development on biotechnology, laboratory and related products and services

Audited by BDO PLT

Notes To The Financial Statements

30 June 2024

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	
	2024	2023	2024	2023
	%	%	RM	RM
Carrying amount of NCI				
SKPW	49	49	3,154,062	3,969,243
SKB	49	49	(496,099)	(26,843)
			2,657,963	3,942,400
(Loss)/Profit for the financial year/Total comprehensive (loss)/income allocated to NCI				
SKPW			(815,181)	162,718
SKB			(469,256)	(212,426)
			(1,284,437)	(49,708)

(c) Summarised financial information before intra-group elimination of subsidiaries that have NCI as at the end of each reporting period are as follows:

	2024	SKPW
	RM	2023
		RM
Assets and liabilities		
Non-current assets	2,497,915	3,187,092
Non-current liabilities	(123,308)	(274,425)
Current assets	8,122,669	8,032,832
Current liabilities	(4,060,415)	(2,845,004)
Net assets	6,436,861	8,100,495
Results		
Revenue	15,400,157	20,499,262
(Loss)/Profit for the financial year	(1,663,634)	332,077
Cash flows from operating activities	129,573	2,140,836
Cash flows used in investing activities	(37,161)	(2,426,569)
Cash flows (used in)/from financing activities	(369,311)	853,503
Net (decrease)/increase in cash and cash equivalents	(276,899)	567,770
Dividend paid to NCI	-	-

Notes To The Financial Statements

30 June 2024

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	
	2024 RM	2023 RM
Assets and liabilities		
Non-current assets	154,104	539,987
Non-current liabilities	(242,588)	(222,658)
Current assets	581,440	484,592
Current liabilities	(1,505,403)	(856,702)
Net liabilities	(1,012,447)	(54,781)
Results		
Revenue	833,751	938,760
Loss for the financial year	(957,666)	(433,522)
Cash flows used in operating activities	(375,290)	(403,864)
Cash flows from investing activities	488,718	491,578
Cash flows used in financing activities	(117,864)	(111,864)
Net decrease in cash and cash equivalents	(4,436)	(24,150)
Dividend paid to NCI	-	-

- (d) On 23 May 2024, the Company acquired 1,000,000 ordinary share in a subsidiary, SKSF, from its wholly-owned subsidiary, ST, representing 100% equity interest in SKSF for a cash consideration of RM860,000. This acquisition did not have any material impact to the Group.
- (e) On 4 June 2024, the Company subscribed for an additional 4,000,000 ordinary shares in a wholly-owned subsidiary, SKSF, representing 100% equity interest in the share capital of SKSF for elimination against amount owing from the subsidiary. Consequently there was no change in the effective equity interest held by the Group in SKSF.
- (f) In the previous financial year, the Group subscribed for an additional 2,040,000 ordinary shares out of total 4,000,000 shares in a subsidiary, SKPW, representing 51% equity interest in the share capital of SKPW for elimination against amount owing from SKPW of RM2,040,000. Consequently there was no change in the effective equity interest held by the Group in SKPW.
- (g) In the previous financial year, the Group subscribed for an additional 990,000 ordinary shares in a wholly-owned subsidiary, SKSF, representing 100% equity interest in the share capital of SKSF for a total cash consideration of RM990,000. Consequently there was no change in the effective equity interest held by the Group in SKSF.
- (h) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less costs to disposal of the underlying assets or the value in use of the respective subsidiaries. As at the end of reporting period, the Company had made an impairment of RM16,097,949 in respect of a subsidiary due to poor financial position of the subsidiary. The recoverable amount of the cost of investment in the subsidiary was based on its fair value less costs to disposal ("FVLCTD") of the underlying assets which was within Level 3 of the fair value hierarchy.

Notes To The Financial Statements

30 June 2024

11. INVENTORIES

	2024 RM	Group 2023 RM
At cost		
Raw materials	8,865,419	9,567,793
Work-in-progress	5,605,968	5,700,454
Finished goods	4,336,493	13,307,798
	18,807,880	28,576,045
At net realisable value		
Work-in-progress	370,848	190,196
Finished goods	1,936,996	39,104
	21,115,724	28,805,345

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM443,933,611 (2023: RM332,354,704).

(b) In previous financial year, the Group had written off inventories of RM3,514,624 due to a fire incident.

12. TRADE AND OTHER RECEIVABLES

	Note	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Trade receivables					
Third parties		147,820,799	100,914,112	-	-
Amounts due from customers for contract works	13	949,940	-	-	-
		148,770,739	100,914,112	-	-
Less: Impairment losses on third party		(1,371,161)	(1,785,599)	-	-
Trade receivables - net		147,399,578	99,128,513	-	-
Other receivables					
Amount owing from subsidiaries		-	-	7,000,000	6,500,000
Deposits		996,429	1,013,619	-	-
Third parties		656,110	4,590,949	-	-
		1,652,539	5,604,568	7,000,000	6,500,000
Less: Impairment losses on other receivables		(559,297)	(559,297)	(3,000,000)	-
		1,093,242	5,045,271	4,000,000	6,500,000
Total receivables		148,492,820	104,173,784	4,000,000	6,500,000
Prepayments		8,187,848	8,314,911	13,788	16,181
		156,680,668	112,488,695	4,013,788	6,516,181

Notes To The Financial Statements

30 June 2024

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 15 to 120 days (2023: 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	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	146,043,837	102,814,197	4,000,000	6,500,000
United States Dollar	1,183,996	1,318,582	-	-
Chinese Renminbi	1,264,987	41,005	-	-
	148,492,820	104,173,784	4,000,000	6,500,000

- (c) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL"). Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

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 2023	454,000	1,331,599	1,785,599
Reversal of impairment loss	-	(103,673)	(103,673)
Written off	-	(310,765)	(310,765)
At 30 June 2024	454,000	917,161	1,371,161
At 1 July 2022	454,000	1,020,834	1,474,834
Charge for the financial year	-	310,765	310,765
At 30 June 2023	454,000	1,331,599	1,785,599

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.

Notes To The Financial Statements

30 June 2024

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
Not past due	122,065,717	-	122,065,717
Past due:			
1 to 30 days	18,791,563	(327,000)	18,464,563
31 to 60 days	1,485,878	(23,000)	1,462,878
61 to 90 days	885,655	(12,000)	873,655
More than 90 days	3,674,825	(92,000)	3,582,825
	24,837,921	(454,000)	24,383,921
Credit impaired - individual assessment	917,161	(917,161)	-
As at 30 June 2024	147,820,799	(1,371,161)	146,449,638
Not past due	81,905,076	-	81,905,076
Past due:			
1 to 30 days	12,212,264	(305,000)	11,907,264
31 to 60 days	1,428,427	(30,000)	1,398,427
61 to 90 days	2,527,347	(27,000)	2,500,347
More than 90 days	1,509,399	(92,000)	1,417,399
	17,677,437	(454,000)	17,223,437
Credit impaired - individual assessment	1,331,599	(1,331,599)	-
As at 30 June 2023	100,914,112	(1,785,599)	99,128,513

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.

Notes To The Financial Statements

30 June 2024

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (e) Impairment for other receivables and amount owing from 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 when there is changes in contractual terms and delay in payment from its other receivables.

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

	Lifetime ECL - credit impaired RM
Group	
As at 30 June 2023/30 June 2024	559,297
Company	
As at 30 June 2023/1 July 2023	-
Charge for the financial year	3,000,000
As at 30 June 2024	3,000,000

Other receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (f) Amount owing from subsidiaries is unsecured, interest-free and payable within the next twelve (12) months.
- (g) Included in prepayments of the Group are:
- (i) RM1,795,089 (2023: RM2,311,480) representing advance payments for purchase of raw materials;
 - (ii) RM686,305 (2023: RM1,233,886) representing prepayments for workers related levies; and
 - (iii) RM2,685,929 (2023: RM3,536,225) representing prepayments for purchase of property, plant and equipment and right-of-use assets.
- (h) No expected credit loss is recognised arising from amount owing from subsidiaries as it is negligible.
- (i) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

Notes To The Financial Statements

30 June 2024

13. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Note	2024 RM	Group 2023 RM
Amounts due from customers for contract works	12	949,940	-
Amount due to customer for contract work	19	(856,732)	-
		93,208	-

- (a) Amounts due from/(to) customers for contract works represent the timing differences in satisfaction of performance obligations and the progress billings as at the end of the reporting period.

Amount due from customers for contract works are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Company issues billing to the customer. Amount due to customers for contract works are reversed when performance obligations are satisfied.

- (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period are within a (1) year.
- (c) Impairment for amounts due from customers from contract works that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 12(e) to the financial statements.
- (d) No expected credit loss is recognised arising from amounts due from customers for contract works as the amount is negligible.

14. CASH AND BANK BALANCES

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Cash and bank balances	61,566,996	79,093,629	22,220,412	26,911,084
Deposits with a licensed bank	2,288,045	1,141,658	-	-
	63,855,041	80,235,287	22,220,412	26,911,084

- (a) Deposits with a licensed bank of the Group have maturity period range from 3 months to 12 months (2023: 3 months).
- (b) As at the end of the reporting period, deposits with a licensed bank of the Group amounting to RM2,288,045 (2023: RM1,141,658) 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 2024

14. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	62,429,719	79,377,632	22,220,412	26,911,084
United States Dollar	1,386,428	826,681	-	-
Chinese Renminbi	35,028	27,880	-	-
Others	3,866	3,094	-	-
	63,855,041	80,235,287	22,220,412	26,911,084

- (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	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	61,566,996	79,093,629	22,220,412	26,911,084
Deposits with a licensed bank	2,288,045	1,141,658	-	-
	63,855,041	80,235,287	22,220,412	26,911,084
Less:				
Pledged with a licensed bank	(2,288,045)	(1,141,658)	-	-
Bank overdrafts included in borrowings (Note 17)	(2,279,804)	(1,879,369)	-	-
	59,287,192	77,214,260	22,220,412	26,911,084

- (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.

Notes To The Financial Statements

30 June 2024

15. SHARE CAPITAL

	Number of shares	Group and Company		2023
		2024		
		RM	Number of shares	RM
Issued and fully paid ordinary shares				
with no par value:				
As at beginning of financial year	1,078,097,542	106,783,251	846,756,897	76,708,967
Issuance of ordinary shares pursuant to warrant exercised	-	-	231,340,645	30,074,284
As at end of financial year	1,078,097,542	106,783,251	1,078,097,542	106,783,251

- (a) In the previous financial year, the issued and fully paid-up ordinary shares of the Company had increased from 846,757,897 to 1,078,097,542 by way of issuance of 231,340,645 new ordinary shares pursuant to warrants exercised at an exercise price of RM0.13 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) 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.

16. RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Non-distributable:				
Revaluation reserve	44,601,877	44,862,560	-	-
Distributable:				
Retained earnings	67,271,511	81,214,327	21,070,773	39,535,547
	111,873,388	126,076,887	21,070,773	39,535,547

Revaluation reserve

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

Notes To The Financial Statements

30 June 2024

17. BORROWINGS

	Note	2024 RM	Group 2023 RM
Non-current liabilities			
Term loans		8,867,478	10,711,038
Current liabilities			
Bank overdrafts		2,279,804	1,879,369
Bankers' acceptance		80,956,723	59,256,016
Revolving credit		3,000,000	-
Term loans		1,784,291	1,816,079
		88,020,818	62,951,464
Total borrowings			
Bank overdrafts	14	2,279,804	1,879,369
Bankers' acceptance		80,956,723	59,256,016
Revolving credit		3,000,000	-
Term loans		10,651,769	12,527,117
		96,888,296	73,662,502

Term loans can be further analysed as follows:

	2024 RM	Group 2023 RM
Current liabilities		
- not later than one year	1,784,291	1,816,079
Non-current liabilities		
- later than one year and not later than five years	4,887,585	5,541,711
- later than five years	3,979,893	5,169,327
	8,867,478	10,711,038
	10,651,769	12,527,117

- (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 property of certain subsidiaries as disclosed in Note 7, Note 8 and Note 9 to the financial statements;
 - (ii) deposits with a licensed bank 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.

Notes To The Financial Statements

30 June 2024

18. DEFERRED TAX LIABILITIES

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

	2024 RM	Group 2023 RM
Balance at beginning of financial year	15,763,448	16,688,175
Recognised in profit or loss (Note 25)	82,071	(472,696)
Recognised in other comprehensive income (Note 25(a))	(82,320)	(452,031)
Balance at end of financial year	15,763,199	15,763,448
Presented after appropriate offsetting:		
Deferred tax assets	(537,647)	(1,409,564)
Deferred tax liabilities	16,300,846	17,173,012
Balance at end of financial year	15,763,199	15,763,448

- (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 2023	3,274,727	2,352,357	12,956,315	(1,895,224)	16,688,175
Recognised in profit or loss	(958,356)	-	-	485,660	(472,696)
Recognised in other comprehensive income	-	-	(452,031)	-	(452,031)
As at 30 June 2023	2,316,371	2,352,357	12,504,284	(1,409,564)	15,763,448
Recognised in profit or loss	(789,846)	-	-	871,917	82,071
Recognised in other comprehensive income	-	-	(82,320)	-	(82,320)
As at 30 June 2024	1,526,525	2,352,357	12,421,964	(537,647)	15,763,199

Notes To The Financial Statements

30 June 2024

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:

	2024 RM	Group 2023 RM
Unused tax losses:		
- Expires by 30 June 2028	839,000	839,000
- Expires by 30 June 2029	1,862,000	1,862,000
- Expires by 30 June 2031	50,000	50,000
- Expires by 30 June 2032	1,347,000	1,347,000
- Expires by 30 June 2033	6,198,000	6,198,000
- Expires by 30 June 2034	10,381,000	-
Unabsorbed capital allowances - No expiry date	3,932,000	2,580,000
Incentive - Expires by 30 June 2025	183,000	183,000
Incentive - No expiry date	2,905,000	2,905,000
Other temporary differences	1,415,000	(3,635,000)
	29,112,000	12,329,000

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profits of certain subsidiaries would be available against which the deductible temporary differences can be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

19. TRADE AND OTHER PAYABLES

	Note	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Trade payables					
Third parties		14,995,732	10,256,989	-	-
Amount due to customer for contract work	13	856,732	-	-	-
		15,852,464	10,256,989	-	-
Other payables					
Third parties		5,858,490	2,697,581	29,330	40,583
Accruals		2,543,954	1,885,808	82,216	82,216
Deposits received		118,077	200,107	-	-
		8,520,521	4,783,496	111,546	122,799
		24,372,985	15,040,485	111,546	122,799

Notes To The Financial Statements

30 June 2024

19. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 to 120 days (2023: 15 to 120 days).
- (b) Other payables included amount owing to vendors represent costs for purchase of property, plant and equipment amounted to RM1,240,961 (2023: RM557,900) for the Group.
- (c) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Ringgit Malaysia	23,972,412	14,208,987	111,546	122,799
Chinese Renminbi	400,573	483,469	-	-
United States Dollar	-	348,029	-	-
	24,372,985	15,040,485	111,546	122,799

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

20. CAPITAL COMMITMENTS

	Group	
	2024 RM	2023 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Contracted but not provided for	3,858,000	11,417,000

21. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2024 RM	2023 RM
Corporate guarantees - unsecured		
In favour of banks for banking facilities granted to subsidiaries:		
- limit of guarantee	138,671,000	133,671,000
- amount utilised	97,270,296	74,044,502

- (a) The Group and the Company had previously explicitly asserted financial guarantee contracts under MFRS 4. The Group and the Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.
- (b) The Company provides corporate guarantees to banks for credit facilities and third parties for trade credits granted to subsidiaries. As at 30 June 2024, the Directors are of the view that the chances of the financial institutions and third parties to call upon the corporate guarantees are remote. Accordingly, the fair values and expected credit loss of the above corporate guarantees given to subsidiaries for banking facilities have been assessed as negligible.

Notes To The Financial Statements

30 June 2024

22. REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers				
Recognised at point in time:				
Sale of goods	488,661,621	379,515,994	-	-
Recognised over time:				
Site cleaning and replanting contracts	5,107,680	1,115,732	-	-
Others				
Management services rendered	-	-	1,980,000	1,980,000
	493,769,301	380,631,726	1,980,000	1,980,000

23. FINANCE COSTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expenses on:				
- bank overdrafts	805,852	694,664	-	-
- bankers' acceptance	3,563,204	1,927,522	-	-
- term loans	660,600	739,435	-	-
- revolving credit	78,711	-	-	-
- lease liabilities	534,479	308,829	-	-
	5,642,846	3,670,450	-	-

Notes To The Financial Statements

30 June 2024

24. (LOSS)/PROFIT BEFORE TAXATION

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
After charging:				
Auditors' remuneration:				
- statutory audit:				
- current year	163,000	163,000	34,000	34,000
- (over)/under provision in prior year	(2,000)	9,000	-	2,000
- non-statutory audit	5,000	5,000	5,000	5,000
Bad debt written off	-	186,801	-	-
And crediting:				
Gain on disposals of:				
- property, plant and equipment	295,361	643,042	-	-
- right-of-use assets	15,701	-	-	-
Lease income from:				
- investment properties	396,000	384,000	-	-
- other assets	687,600	687,600	-	-
Gain on foreign exchange:				
- realised	95,236	96,123	-	-
- unrealised	19,361	9,547	-	-
Interest income	479,931	186,358	372,164	57,525

25. TAXATION

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Income tax expense for the financial year:				
- Current year	1,886,583	2,957,832	240,000	148,000
- Under provision in prior years	267,002	42,665	65,968	-
	2,153,585	3,000,497	305,968	148,000
Deferred tax (Note 18)				
- Relating to origination and reversal of temporary differences	(188,812)	(202,367)	-	-
- Under/(Over) provision in prior years	270,883	(270,329)	-	-
	82,071	(472,696)	-	-
	2,235,656	2,527,801	305,968	148,000

The Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated taxable profit for the fiscal year.

Notes To The Financial Statements

30 June 2024

25. TAXATION (CONTINUED)

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
(Loss)/Profit before taxation	(12,991,597)	3,780,561	(18,158,806)	569,088
Tax at Malaysian tax rate of 24% (2023: 24%)	(3,117,985)	907,335	(4,358,113)	136,581
Tax effects in respect of:				
Deferred tax assets not recognised	4,027,860	1,220,880	-	-
Non-taxable income	(190,331)	(13,806)	-	(13,806)
Non-allowable expenses	978,227	641,056	4,598,113	25,225
	1,697,771	2,755,465	240,000	148,000
Under/(Over) provision in prior years				
- Current tax	267,002	42,665	65,968	-
- Deferred tax	270,883	(270,329)	-	-
	2,235,656	2,527,801	305,968	148,000

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

Group	Before tax (Note 7(f) and Note 8(j)) RM	Tax effect RM	After tax RM
2024			
Items that will not be reclassified subsequently to profit or loss			
Impairment loss	(343,003)	82,320	(260,683)
2023			
Items that will not be reclassified subsequently to profit or loss			
Fair value adjustment on revaluation of freehold land, leasehold land and buildings			
- gain	3,994,682	(958,725)	3,035,957
- loss	(743,833)	178,522	(565,311)
Impairment loss	(5,134,307)	1,232,234	(3,902,073)
	(1,883,458)	452,031	(1,431,427)

Notes To The Financial Statements

30 June 2024

26. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2024	Group 2023
(Loss)/Profit attributable to equity holders of the parent (RM)	(13,942,816)	1,302,468
Weighted average number of ordinary shares in issue	1,078,097,542	921,979,743
Basic (loss)/earnings per ordinary share (sen)	(1.29)	0.14

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per ordinary share for the current and previous financial years is equal to the basic (loss)/earnings 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

	2024 RM	Group 2023 RM	Company 2024 RM	2023 RM
Salaries, wages, bonuses and allowances	25,053,563	19,826,068	315,000	315,000
Contributions to defined contribution plan	1,059,342	963,588	37,800	37,800
Social security contribution	242,680	204,469	1,159	1,119
Other benefits	1,670,582	1,413,497	22,085	21,529
Fees	718,200	705,848	718,200	705,848
	28,744,367	23,113,470	1,094,244	1,081,296

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM3,329,794 (2023: RM2,638,345) and RM369,442 (2023: RM370,269) respectively.

Notes To The Financial Statements

30 June 2024

27. EMPLOYEE BENEFITS (CONTINUED)

(a) Directors' remuneration

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company				
Executive Directors:				
- salaries	2,172,000	1,812,000	252,000	252,000
- bonus	703,000	463,000	63,000	63,000
- others	359,075	275,205	47,242	48,069
	3,234,075	2,550,205	362,242	363,069
- fees	7,200	7,200	7,200	7,200
	3,241,275	2,557,405	369,442	370,269
Director of the subsidiary				
- salaries	72,000	66,000	-	-
- bonus	6,000	5,000	-	-
- others	10,519	9,940	-	-
	88,519	80,940	-	-
Total Executive Directors' remuneration (excluding benefits-in-kind)	3,329,794	2,638,345	369,442	370,269
Directors of the Company				
Estimated monetary value of benefits-in-kind	92,120	77,244	-	-
Total Executive Directors' remuneration including benefits-in-kind	3,421,914	2,715,589	369,442	370,269
Non-Executive Directors:				
- fees	711,000	698,648	711,000	698,648
- others	13,802	12,379	13,802	12,379
Total Non-Executive Directors' remuneration	724,802	711,027	724,802	711,027
Total Directors' remuneration (Note 28(c))	4,146,716	3,426,616	1,094,244	1,081,296

Notes To The Financial Statements

30 June 2024

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	
	2024 RM	2023 RM	2024 RM	2023 RM

Subsidiaries

Management fees received from:

- Sern Kou Furniture Industries Sdn. Bhd.	-	-	(540,000)	(540,000)
- Valued Products (M) Sdn. Bhd.	-	-	(660,000)	(660,000)
- Souncern Timber Sdn. Bhd.	-	-	(420,000)	(420,000)
- S.K. Furniture Sdn. Bhd.	-	-	(180,000)	(180,000)
- Sern Kou Plywood Sdn. Bhd.	-	-	(180,000)	(180,000)

Related party

Rental expenses paid	192,000	192,000	-	-
----------------------	---------	---------	---	---

Material balances with related parties at the end of reporting period are disclosed in Note 12 to the financial statements.

The related party transactions described above were carried out on terms and conditions agreed between the parties.

Notes To The Financial Statements

30 June 2024

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	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors' remuneration (Note 27(a))	4,146,716	3,426,616	1,094,244	1,081,296
Other key management				
Basic salaries and bonus	303,200	288,044	-	-
Defined contribution plan	36,718	34,572	-	-
Social contribution	2,423	2,344	-	-
	342,341	324,960	-	-
	4,489,057	3,751,576	1,094,244	1,081,296

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 rubberwood 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 rubberwood, 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 respect as explained in the table below, it is measured differently from operating profit in the consolidated financial statements.

Notes To The Financial Statements

30 June 2024

29. OPERATING SEGMENTS (CONTINUED)

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

Group 2024	Reportable segments			Total RM
	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	
Revenue				
Total revenue	40,707,159	462,924,156	1,980,000	505,611,315
Inter-segment revenue	(862,385)	(8,999,629)	(1,980,000)	(11,842,014)
Revenue from external customers	39,844,774	453,924,527	-	493,769,301
Interest income	43,803	63,964	372,164	479,931
Interest expense	(606,001)	(5,036,845)	-	(5,642,846)
Net interest expense	(562,198)	(4,972,881)	372,164	(5,162,915)
Segment (loss)/profit before taxation	(17,211,663)	3,280,923	939,143	(12,991,597)
Segment assets	68,885,281	274,194,627	27,094,200	370,174,108
Segment liabilities	19,584,928	115,737,879	111,546	135,434,353
Other information				
(Loss)/Gain on disposal of property, plant and equipment	(3,438)	298,799	-	295,361
Reversal of impairment losses on trade receivables	103,673	-	-	103,673
Property, plant and equipment written off	-	(392)	-	(392)
Unrealised gain on foreign exchange	19,361	-	-	19,361
Depreciation of:				
- property, plant and equipment	(1,397,835)	(1,786,538)	-	(3,184,373)
- right-of-use assets	(774,515)	(2,643,226)	-	(3,417,741)
Additions to non-current assets:				
- property, plant and equipment	5,843,956	847,909	-	6,691,865
- right-of-use assets	527,349	12,013,025	-	12,540,374
Impairment loss on:				
- property, plant and equipment	(4,725,115)	(106,488)	-	(4,831,603)
- right-of-use assets	(1,404,521)	(310,115)	-	(1,714,636)

Notes To The Financial Statements

30 June 2024

29. OPERATING SEGMENTS (CONTINUED)

Group 2023	Reportable segments			Total RM
	Manufacturing and trading of furniture RM	Processing and trading of wood RM	Investment holding RM	
Revenue				
Total revenue	43,092,089	341,567,680	1,980,000	386,639,769
Inter-segment revenue	(489,625)	(3,538,418)	(1,980,000)	(6,008,043)
Revenue from external customers	42,602,464	338,029,262	-	380,631,726
Interest income	5,100	123,733	57,525	186,358
Interest expense	(626,396)	(3,044,054)	-	(3,670,450)
Net interest expense	(621,296)	(2,920,321)	57,525	(3,484,092)
Segment (loss)/profit before taxation	(6,102,995)	9,314,468	569,088	3,780,561
Segment assets	76,235,448	240,938,478	26,927,265	344,101,191
Segment liabilities	14,548,377	79,153,662	122,799	93,824,838
Other information				
Gain on disposal of property, plant and equipment	373,046	269,996	-	643,042
Bad debts written off	-	(186,801)	-	(186,801)
Inventories written off	(3,514,624)	-	-	(3,514,624)
Impairment losses on trade receivables	(310,675)	-	-	(310,675)
Impairment loss on property, plant and equipment	-	(1,084,487)	-	(1,084,487)
Property, plant and equipment written off	(2,535,973)	(1,060)	-	(2,537,033)
Unrealised gain on foreign exchange	3,341	6,206	-	9,547
Depreciation of:				
- property, plant and equipment	(1,280,985)	(2,061,394)	-	(3,342,379)
- right-of-use assets	(811,783)	(1,379,880)	-	(2,191,663)
Additions to non-current assets:				
- property, plant and equipment	2,437,999	896,756	-	3,334,755
- right-of-use assets	346,671	869,952	-	1,216,623
Fair value adjustment on:				
- property, plant and equipment	1,154,958	1,999,918	-	3,154,876
- right-of-use assets	270,233	569,573	-	839,806

Notes To The Financial Statements

30 June 2024

29. OPERATING SEGMENTS (CONTINUED)

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

	2024 RM	2023 RM
(Loss)/Profit for the financial year		
Total (loss)/profit for reportable segments	(12,991,597)	3,780,561
Taxation	(2,235,656)	(2,527,801)
(Loss)/Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(15,227,253)	1,252,760
Assets		
Total assets for reportable segments	370,174,108	344,101,191
Current tax recoverable	2,532,650	2,289,633
Assets of the Group per consolidated statement of financial position	372,706,758	346,390,824
Liabilities		
Total liabilities for reportable segments	135,434,353	93,824,838
Deferred tax liabilities	15,763,199	15,763,448
Current tax liabilities	194,604	-
Liabilities of the Group per consolidated statement of financial position	151,392,156	109,588,286

- (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:

	2024 RM	Group 2023 RM
Revenue from external customers		
Malaysia	461,132,049	342,020,532
United States of America and European countries	27,919,321	26,966,495
Asia-Pacific countries	4,717,931	11,644,699
	493,769,301	380,631,726

- (c) Major customers

Revenue from three (2023: three) customers from sales of products represent approximately RM227,890,611 (2023: RM140,057,806) of the Group revenue with whom the Group transacted ten percent (10%) or more of its revenue during the financial year.

Notes To The Financial Statements

30 June 2024

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 2024 and 30 June 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings and lease liabilities owing to financial institutions less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Borrowings	96,888,296	73,662,502	-	-
Lease liabilities owing to financial institutions	12,237,789	3,183,617	-	-
	109,126,085	76,846,119	-	-
Less:				
Cash and bank balances	(61,566,996)	(79,093,629)	(22,220,412)	(26,911,084)
Net debt/(Net cash)	47,559,089	(2,247,510)	(22,220,412)	(26,911,084)
Equity attributable to owners of the parent	218,656,639	232,860,138	127,854,024	146,318,798
Capital and net debt	266,215,728	230,612,628	105,633,612	119,407,714
Gearing ratio	18%	N/A	N/A	N/A

Notes To The Financial Statements

30 June 2024

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
Amortised cost				
Trade and other receivables, net of prepayments	148,492,820	104,173,784	4,000,000	6,500,000
Cash and bank balances	63,855,041	80,235,287	22,220,412	26,911,084
	212,347,861	184,409,071	26,220,412	33,411,084
Financial liabilities				
Amortised cost				
Trade and other payables	24,372,985	15,040,485	111,546	122,799
Borrowings	96,888,296	73,662,502	-	-
	121,261,281	88,702,987	111,546	122,799

(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 the current portion 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.

Notes To The Financial Statements

30 June 2024

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, foreign currency risk, liquidity and cash flow risk as well as interest rate risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. Credit risk refers to the risk that counterparty would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

At the end of the reporting period, approximately 51% (2023: 51%) of the Group's gross trade receivables were due from three (2023: four) major customers.

The Company does not have any significant concentration of credit risk at the end of the reporting period other than the amount owing from subsidiaries of RM7,000,000 (2023: RM6,500,000).

Notes To The Financial Statements

30 June 2024

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies.

The foreign currency in which these transactions are denominated are mainly United States Dollar ('USD') and Chinese Renminbi ('CNY'). The Group manages its transactional currency exposures by matching as far as possible, its receipts and payments in each individual currency. The Group monitors the foreign currency exchange rates closely so as to minimise the potential material adverse effects from these exposures in a timely manner.

The following table demonstrates the sensitivity of the Group's (loss)/profit 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.

(Loss)/Profit after tax and Equity	Group	
	2024 RM	2023 RM
USD/RM - Strengthen by 10% (2023: 10%)	165,000	137,000
- Weaken by 10% (2023: 10%)	(165,000)	(137,000)
CNY/RM - Strengthen by 10% (2023: 10%)	99,000	(32,000)
- Weaken by 10% (2023: 10%)	(99,000)	32,000

Notes To The Financial Statements

30 June 2024

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.

2024 Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	24,372,985	-	-	24,372,985
Borrowings	88,593,801	6,250,668	5,200,393	100,044,862
Lease liabilities	4,481,855	11,265,993	52,700	15,800,548
Total undiscounted financial liabilities	117,448,641	17,516,661	5,253,093	140,218,395
Company				
Financial liabilities				
Trade and other payables/ Total undiscounted financial liabilities	111,546	-	-	111,546
2023 Group				
Financial liabilities				
Trade and other payables	15,040,485	-	-	15,040,485
Borrowings	63,605,670	7,211,365	5,802,936	76,619,971
Lease liabilities	1,981,176	3,631,961	-	5,613,137
Total undiscounted financial liabilities	80,627,331	10,843,326	5,802,936	97,273,593
Company				
Financial liabilities				
Trade and other payables/ Total undiscounted financial liabilities	122,799	-	-	122,799

Notes To The Financial Statements

30 June 2024

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 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 2024	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						
a licensed bank	14	5.19	2,288,045	-	-	2,288,045
Bankers' acceptance	17	3.79	80,956,723	-	-	80,956,723
Floating rates						
Bank overdrafts	17	7.62	2,279,804	-	-	2,279,804
Revolving credit	17	5.35	3,000,000	-	-	3,000,000
Term loans	17	5.55	1,784,291	4,887,585	3,979,893	10,651,769
2023						
Fixed rates						
Deposits with						
a licensed bank	14	2.85	1,141,658	-	-	1,141,658
Bankers' acceptance	17	4.57	59,256,016	-	-	59,256,016
Floating rates						
Bank overdrafts	17	7.34	1,879,369	-	-	1,879,369
Term loans	17	5.59	1,816,079	5,541,711	5,169,327	12,527,117

Notes To The Financial Statements

30 June 2024

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:

(Loss)/Profit after tax and Equity	Group	
	2024 RM	2023 RM
- Increase by 1% (2023: 1%)	(121,000)	(109,000)
- Decrease by 1% (2023: 1%)	121,000	109,000

List of Properties

Registered Owner	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 30.6.2024 RM'000	Date of Revaluation
SK	Lot 11061 Mukim of Parit Bakar District of Muar Johor	A double storey detached factory/ Factory	18 March 2006	19 years/ Freehold	104,431 sq. ft./ 102,600 sq. ft.	16,244	30 June 2024
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	24 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 65,700 sq. ft.	10,656	30 June 2024
SKFI	Lot 8805 Mukim of Jalan Bakri District of Muar Johor	Vacant Industrial land	23 November 2001	99 years leasehold expiring on 29 December 2094	96,068 sq. ft.	3,686	30 June 2024
SKFI	Lot 11060 Mukim of Parit Bakar District of Muar Johor	Single storey detached factory building/Factory	7 December 2006	13 years/ Freehold	112,246 sq. ft/ 71,476 sq. ft	13,030	30 June 2024
ST	Lot 1052 and 11652 Mukim of Serom District of Tangkak Johor	3 Sawmill, workshop, office cum store building, worker's quarters/Factory	20 August 2006	18 years/ Freehold	248,883 sq. ft./ -	3,590	30 June 2024
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	26 years/ 99 years leasehold expiring on 29 December 2094	87,446 sq. ft./ 61,075 sq. ft.	10,183	30 June 2024

List of Properties

Registered Owner	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 30.6.2024 RM'000	Date of Revaluation
VPM	Lot 8803 Mukim of Jalan Bakri District of Muar Johor	A single storey detached factory/ Factory	8 March 2001	24 years/ 99 years leasehold expiring on 29 December 2094	88,146 sq. ft./ 56,474 sq. ft.	9,215	30 June 2024
VPM	Lot 4573 Mukim of Telekong District of Kuala Krai Kelantan	A sawnmill complex/Factory	5 October 2016	9 years/ Freehold	1,240,001 sq.ft./ 207,718 sq.ft.	20,129	30 June 2024
VPM	Lot 5511 to 5517 Bandar Gua Musang District of Gua Musang Kelantan	A sawmill complex/Factory	22 June 2017	8 years/ 99 years leasehold expiring on 20 November 2100	733,872 sq.ft./ 184,158 sq.ft.	17,453	30 June 2024
VPM	HSD No. 11472 PT No. 15475 Bandar Gua Musang District of Gua Musang Kelantan	Vacant Industrial land	4 January 2023	66 years leasehold expiring on 3 January 2089	78,609 sq.ft.	502	30 June 2024

Analysis of Shareholdings

As at 26 September 2024

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	: 1,019

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	73	1,428	0.001
100 – 1,000	290	90,523	0.008
1,001 – 10,000	253	1,510,799	0.140
10,001 – 100,000	221	7,354,968	0.682
100,001 – 53,904,877 ¹	181	840,151,892	77.929
53,904,878 ² and above	1	228,987,932	21.240
TOTAL	1,019	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 SHARE CAPITAL)

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
Low Peng Sian @ Chua Peng Sian	226,467,900	21.006	30,706,500 ¹	2.848

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.

Analysis of Shareholdings

As at 26 September 2024

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	228,987,932	21.240
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN	50,035,600	4.641
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KENANGA INVESTORS BERHAD FOR AMANAH RAYA BERHAD (TRUSTEEMONFD)	42,500,000	3.942
4.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LOW PENG SIAN @ CHUA PENG SIAN	41,500,000	3.849
5.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MY4520)	39,170,000	3.633
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND	30,000,000	2.783
7.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	28,755,700	2.667
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)	19,717,100	1.829
10.	TEH YOKE ANN	18,632,400	1.728
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG	18,244,200	1.692
12.	TAN LEE CHU	17,264,700	1.601
13.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GENIUS SUCCESS CAPITAL SDN BHD (MGN-LPS0005M)	17,000,000	1.577
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN	16,244,500	1.507
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GENIUS SUCCESS CAPITAL SDN BHD	13,706,500	1.271
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	12,927,100	1.199
17.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIEW HUAT SENG	12,269,600	1.138
18.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO CHEW FONG	12,260,800	1.137
19.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MG0195-166)	11,300,000	1.048
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG AH CHAI (PB)	11,178,700	1.037

Analysis of Shareholdings

As at 26 September 2024

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONTINUED)

	Name	No. of shares held	Percentage (%)
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE MENG (7014967)	11,000,000	1.020
22.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (MGN-LPS0005M)	10,599,900	0.983
23.	TUNG BENG LEE	9,832,900	0.912
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN	9,800,000	0.909
25.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MGN-NAC0003M)	9,638,000	0.894
26.	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (PROP A/C)	9,600,000	0.890
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KUN CHUAN (7000351)	9,570,835	0.888
28.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LEE CHU (CEB)	9,500,400	0.881
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI (SMART)	8,666,000	0.804
30.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN	8,625,800	0.800
TOTAL		761,538,667	70.637

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	226,467,900	21.006	30,706,500 ¹	2.848
Teh Su-Ching	-	-	-	-
Loo Eng Hua	180,000	0.017	-	-
Lee Shen Wang	120,000	0.011	-	-
Siah Chew Peng	-	-	-	-
Teh Su-Ching	-	-	-	-
Seow Jing Hui	-	-	-	-
Chua Oou Chuan	-	-	-	-

Note:

¹ Substantial interest and deemed interested by virtue of shares held in Genius Success Capital Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.



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

Proxy Form

Number Of Shares Held	
CDS Account No.	

* I/We _____
of _____
being a Member/Members of SERN KOU RESOURCES BERHAD [Registration No. 200001016496 (519103-X)], hereby appoint
_____ NRIC/Passport No _____
_____ of _____
_____ or failing him/her _____ NRIC/Passport No _____
_____ of _____

_____ or # THE CHAIRMAN OF THE MEETING as *my/our
proxy to vote for *me/us on *my/our behalf at the Twenty-Fourth Annual General Meeting 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, 22 November 2024 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:-

Ordinary Resolutions		For	Against
1.	To re-elect Mr Low Peng Sian @ Chua Peng Sian as Director (Ordinary Resolution 1)		
2.	To re-elect Mr Lee Shen Wang as Director (Ordinary Resolution 2)		
3.	To re-elect Ms Teh Su-Ching as Director (Ordinary Resolution 3)		
4.	To approve the payment of Directors' Fees amounting up to RM800,000.00 for the financial year ending 30 June 2025 (Ordinary Resolution 4)		
5.	To approve the payment of Directors' Remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries up to an amount of RM3,500,000.00 for the period from 1 January 2025 until 31 December 2025 (Ordinary Resolution 5)		
6.	To re-appoint Messrs BDO PLT as Auditors of the Company (Ordinary Resolution 6)		
7.	To approve Proposed Waiver and Authority to Issue Shares (Ordinary Resolution 7)		

Please indicate with an "X" in the space provided above on how you wish to cast your vote. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

- # If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.
- * Delete if not applicable.

The proportions of our shareholding to be represented by my/our proxies (if more than 1 proxy) are as follows:-

First proxy	%
Second proxy	%
	<u>100%</u>

Dated this..... day of 2024

.....
Signature / Common Seal of member

Notes:

- (1) A Member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a Member of the Company and there shall be no restriction as to the qualification of the proxy. Where a Member appoints more than 1 proxy, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- (2) A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (3) Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
- (4) The instrument appointing a proxy shall be in writing executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot PTD 6019 (Lot 8804), Jalan Perindustrian 1, Kawasan Perindustrian Bukit Bakri, Mukim Bakri, 84200 Muar, Johor Darul Takzim, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
- (6) The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 14 November 2024.

Please fold here

Affix
Stamp
here

The Company Secretary

SERN KOU RESOURCES BERHAD

[Registration No. 200001016496 (519103-X)]

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

Please fold here





QR Code Downloading for
SERN KOU RESOURCES BERHAD
Annual Report 2024

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, West Malaysia.

Tel : 606-9865562 (Hunting Line) Fax : 606-9865569
E-mail : sernkou@sernkou.com

www.sernkou.com