



Since 1975

**LEE SWEE KIAT GROUP BERHAD**  
[Registration No.: 200301005163 (607583-T)]

# 2025

ANNUAL REPORT



**Napure®**

**ENGLANDER®**  
USA since 1894

  
**TEMPUR®**

**MFO**  
LEADING IN SLEEP INNOVATION

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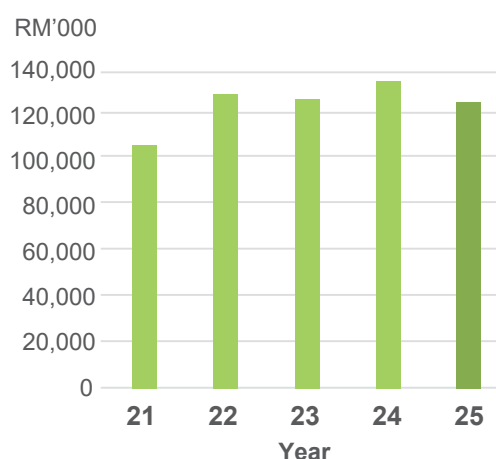
# CORPORATE STRUCTURE



## 5 YEAR KEY FINANCIAL PERFORMANCE

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Revenue	104,633	129,024	127,707	136,331	126,118
Profit before tax	9,047	15,079	16,892	10,930	5,678
Profit attributable for ordinary shares	7,517	10,809	13,632	9,392	5,258
Earnings per share (sen) (restated for bonus issue)	3.09	4.42	5.56	3.76	2.09
Total shares issued (net of treasury shares) (restated for bonus issue)	245,663	245,320	245,320	251,653	251,653
Shareholders' equity	61,854	68,427	76,430	80,096	79,440
Total borrowings	(10,474)	(6,590)	(5,081)	(2,648)	(1,178)
Cash and bank balances	21,111	23,426	26,118	22,228	22,075
Net cash	10,637	16,836	21,037	19,580	20,897
Return on equity (%)	12.2%	15.8%	17.8%	11.7%	6.6%
Net gearing ratio	Net Cash	Net Cash	Net cash	Net cash	Net cash
Dividend per share (sen) (restated for bonus issue)	1.67	2.33	2.33	2.35	1.50
Special Treasury share dividend	-	-	1 for 25	-	-

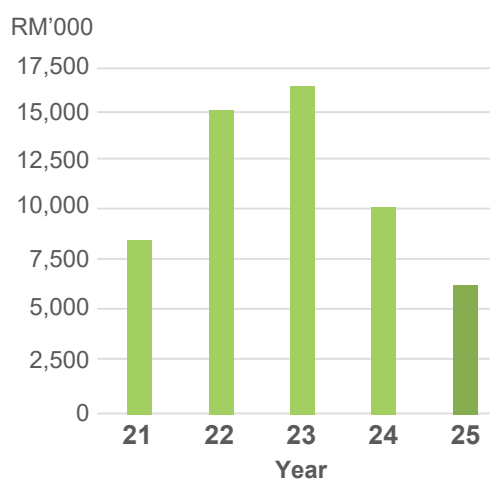
## Revenue



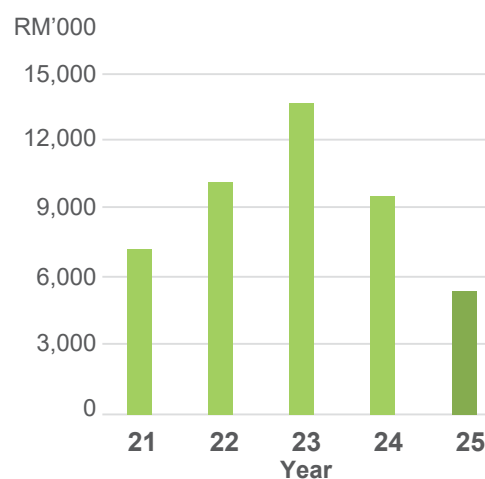
## Shareholders' Equity



## Profit Before Tax



## Profit After Tax



## CORPORATE INFORMATION

### DIRECTORS

LEE AH BAH @ LEE SWEE KIAT	(Executive Chairman)
TAN KUIN LUAN	(Alternate Director to Lee Ah Bah @ Lee Swee Kiat)
DATO' LEE KONG SIM, ERIC	(Managing Director)
WONG YOKE SAN	(Senior Independent Non-Executive Director)
LEE KONG HOOI	(Non-Independent Non-Executive Director/Deputy Chairman)
NG FONG FONG	(Independent Non-Executive Director)

### AUDIT COMMITTEE

**WONG YOKE SAN**  
(Chairman, Senior Independent Non-Executive Director)  
**LEE KONG HOOI**  
(Member, Non-Independent Non-Executive Director/  
Deputy Chairman)  
**NG FONG FONG**  
(Member, Independent Non-Executive Director)

### NOMINATION AND REMUNERATION COMMITTEE

**NG FONG FONG**  
(Chairperson, Independent Non-Executive Director)  
**WONG YOKE SAN**  
(Member, Senior Independent Non-Executive Director)  
**LEE KONG HOOI**  
(Member, Non-Independent Non-Executive Director/  
Deputy Chairman)

### COMPANY SECRETARY

**NG CHEONG SENG** (MIA 17444)  
(SSM PC No. 202408000584)

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Wisma LSK  
Lot 6122, Jalan Haji Abdul Manan  
Off Jalan Meru, 41050 Klang  
Selangor Darul Ehsan  
Tel : +(603) 3392 4488  
Fax : +(603) 3392 5588  
Website : www.lsk.com.my

### PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
Hong Leong Bank Berhad

### SOLICITOR

JM Chong, Vincent Chee & Co.

### SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
Tel : +(603) 2783 9299  
Email : is.enquiry@vistra.com

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Securities Berhad Stock Name : LEESK  
Stock Code : 8079

### AUDITORS

Nexia SSY PLT  
(LLP0019490-LCA & AF 002009)  
Chartered Accountants  
UOA Business Park  
Tower 3, 5th Floor, K03-05-08  
1 Jalan Pengaturcara U1/51A  
Section U1, 40150 Shah Alam  
Selangor Darul Ehsan  
Tel : +(603) 5039 1811  
Fax : +(603) 5039 1822  
Website : www.nexiassy.com

## PROFILE OF THE DIRECTORS

### EXECUTIVE DIRECTORS

#### LEE AH BAH @ LEE SWEE KIAT

**Executive Chairman**

**Aged 87, Male, Malaysian**

Mr. Lee Ah Bah @ Lee Swee Kiat was appointed to the Board of Directors of Lee Swee Kiat Group Berhad (“LSK” or “the Company”) on 3 February 2004. He is the founder of LSK and its subsidiaries (“the Group”). He started his business venture in 1975 as a furniture wholesaler under Sun Sun Furniture (M) Sdn. Bhd. and ventured into manufacturing of laminated foam in the 1980s. He has since laid the foundation for the Company to expand until today.

#### DATO' LEE KONG SIM (“DATO' ERIC LEE”)

**Managing Director**

**Aged 51, Male, Malaysian**

Dato' Eric Lee was appointed to the Board of Directors of LSK on 3 February 2004 as Executive Director. He was appointed as Managing Director on 25 August 2011.

Dato' Eric Lee is a Chartered Accountant under the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Taxation (MIT). He graduated from Association of Chartered Certified Accountants “ACCA” in 1997. He obtained his Master of Business Administration from the University of Gloucestershire, United Kingdom in 2020. He joined the Group since 1997 and currently also hold the position as Chief Financial Officer of the Group. He is the vice president of the Malaysia Furniture Council (MFC) since 2019 and the Honorary President of Kuala Lumpur and Selangor Furniture Association (KSFA).

### NON-EXECUTIVE DIRECTORS

#### LEE KONG HOOI

**Non-Independent Non-Executive Director/Deputy Chairman**

**Aged 59, Male, Malaysian**

Mr. Lee Kong Hooi was appointed to the Board of Directors of LSK as Non-Independent Non-Executive Director/Deputy Chairman on 1 April 2021. He is a member of the Audit Committee (“AC”) as well as Nomination and Remuneration Committee (“NRC”).

He obtained his Master of Business Administration from Honolulu University, USA in 1999. He has more than 30 years of experience in the bedding industry. He is the Founder and Chief Executive Officer of Reztec Group Sdn Bhd, a manufacturing company specialising in foam mattresses and bedding products. He had served as Managing Director of LSK from February 2004 to April 2008.

#### WONG YOKE SAN

**Senior Independent Non-Executive Director**

**Aged 70, Male, Malaysian**

Mr. Wong Yoke San was appointed as Independent Non-Executive Director of LSK on 26 August 2019. He is the Chairman of the AC and a member of the NRC.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA), a member of the Chartered Tax Institute of Malaysia (CTIM) and a member of the Malaysian Institute of Chartered Secretaries and Administration (MAICSA).

He graduated with Bachelor of Commerce and Administration (BCA) degree from Victoria University, Wellington, New Zealand. He received audit training with Arthur Young, Singapore. Currently, he manages his own audit and tax practice in Kuala Lumpur and Seremban.

He has served as advisor to the Malaysia Furniture Council and Kuala Lumpur and Selangor Furniture Association (KLSFA) for many years.

## PROFILE OF THE DIRECTORS (*cont'd*)

### NON-EXECUTIVE DIRECTORS (Cont'd)

#### NG FONG FONG

**Independent Non-Executive Director**  
**Aged 53, Female, Malaysian**

Ms. Ng Fong Fong was appointed as Independent Non-Executive Director of LSK on 1 November 2021. She is the Chairperson of the NRC and a member of the AC.

She is the founder and Chief Executive Officer of Ergoland Alliance Sdn. Bhd., a leading ergonomics solutions provider in Malaysia with multiple sales outlets and online presence.

She graduated with a Bachelor of Economics in University of Malaya and has more than 10 years of international experience in Business-to-Business (B2B) and Business-to-Consumer (B2C) marketing from multinational listed companies, BMI Group and Grundfos Asia Pacific.

### ALTERNATE DIRECTOR

#### TAN KUIN LUAN

**Alternate Director to Mr. Lee Ah Bah @ Lee Swee Kiat**  
**Aged 85, Female, Malaysian**

Madam Tan Kuin Luan was appointed to the Board of Directors of LSK as Alternate Director to Mr. Lee Ah Bah @ Lee Swee Kiat on 3 February 2004. She is the co-founder of the Group with Mr. Lee Ah Bah @ Lee Swee Kiat.

Note:-

Mr. Lee Kong Hooi and Dato' Eric Lee are brothers and they are the sons of Mr. Lee Ah Bah @ Lee Swee Kiat and Madam Tan Kuin Luan.

Mr. Lee Kong Hooi, the Non-Independent Non-Executive Director of the Company is also the founder and Chief Executive Officer of Reztex Group Sdn. Bhd. which is in the same industry with LSK.

Saved as disclosed, none of the Directors have:-

- (1) any family relationship with any Directors and/or major shareholders of the Company;
- (2) any conflict of interest or potential conflict of interest with the Company or its subsidiaries; and
- (3) any conviction for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2025 other than traffic offences.

Details of the Directors' attendance at Board of Directors' meetings for financial year 2025 is provided in the page 52 of this Annual Report.

## PROFILE OF THE KEY SENIOR MANAGEMENT

### GOH KOK THAI

**Technical Director for Latex Division**  
Aged 68, Male, Malaysian

Mr. Goh Kok Thai joined LSK Napure Latex Sdn Bhd, a wholly-owned subsidiary of the Group, as Technical Director since 1 November 2006. Mr. Goh has more than 30 years of experience in natural latex foam and related products. He holds a degree in Polymer Science & Technology from the University of Science Malaysia. He is responsible for the manufacturing and Research and Development of the latex division.

### RATNADEWI A/P BAHWANDI @ FAN CHERN HUI

**General Manager**  
Aged 47, Female, Malaysian

Ms. Ratna joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as Export Manager on 16 February 2004. She was promoted to General Manager of the Group's mattress division on 1 February 2009. She holds a degree in Economics & Management from the University of London. Ms. Ratna is responsible for the sales and marketing for local and exports of mattress and latex divisions.

### YAP KOK SEONG

**Factory Manager**  
Aged 62, Male, Malaysian

Mr. Yap joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as Factory Manager on 4 September 2017. He has more than 30 years of experience in bedding industry. Mr. Yap is currently in-charge of the production of all finished mattress and bedding accessories.

### CHAI MUI CHICK, JASON

**National Sales Manager**  
Aged 48, Male, Malaysian

Mr. Jason Chai joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as National Sales Manager on 5 September 2017. He holds a Certificate from Chartered Institute of Marketing. He has more than 20 years of marketing and sales experience in the bedding industry, including 8 years in DMIB bedding division. Mr. Jason Chai resigned from the Company from Nov 2025.

### GAN LAY HONG, JANICE

**Accountant**  
Aged 45, Female, Malaysian

Ms. Janice Gan joined LSK Napure Latex Sdn Bhd, a wholly-owned subsidiary of the Group, as Assistant Accountant on 26 March 2007. She was promoted to the position of Accountant on 1 January 2010 and is responsible for the Group's finance and accounting functions. She is a Chartered Accountant of Malaysian Institute of Accountants (MIA). She holds a Bachelor Degree in Accounting from University of Utara Malaysia. Prior to her joining to the Group, she worked as an external auditor for two years in a medium size audit firm.

None of the Key Senior Management has:-

- (1) any family relationship with any Directors and/or major shareholders of the Company;
- (2) any directorship in public companies and listed issuers;
- (3) any conflict of interest with the Company; and
- (4) any conviction for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2025 other than traffic offences.

## MANAGEMENT DISCUSSION & ANALYSIS

### Executive Summary of the Group

#### Core Business

LSK is a niche natural latex bedding company that embraces environmental sustainability through its core value proposition. LSK specialises in 100% natural latex and spring mattresses. The Group was established in 1975 and listed on Bursa Stock Exchange in 2004. For financial year ended 2025, approximately 28% of its products are exported while 38% of total revenue are derived from direct Business-to-Consumer (“B2C”) sales channels within Malaysia.

#### Corporate Mission

LSK’s mission is to help people to sleep healthier by using sustainable and renewable natural latex material, through energy efficient green technologies to reduce carbon footprint to the environment. Our main Corporate Social Responsibility is to generate reasonable returns responsibly by balancing the returns to stakeholders and impact on the environment.

#### Business Model

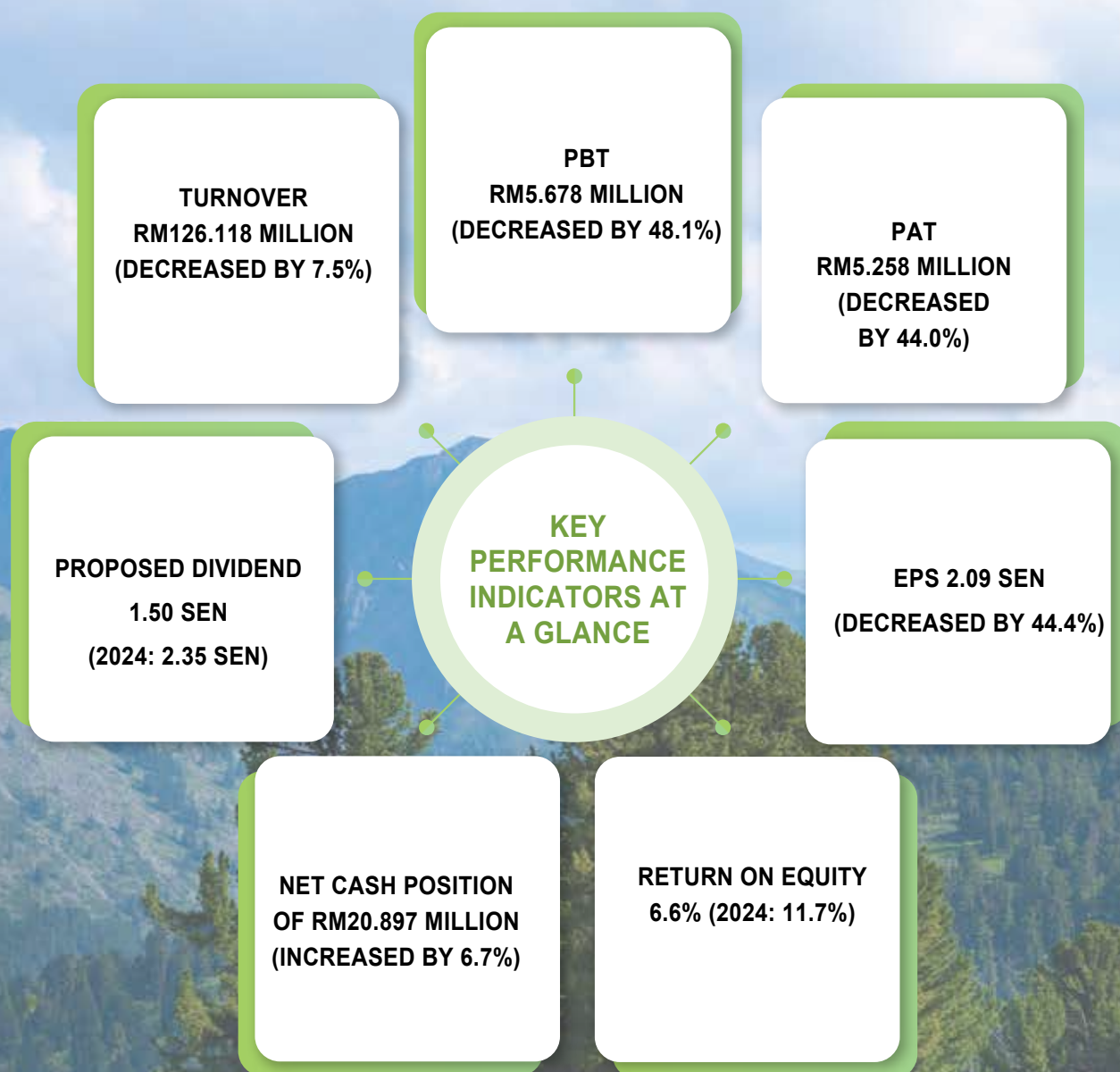
LSK operates as a niche player focusing on high value added natural latex & premium branded bedding. We adopt an asset-light model avoiding excessive investment in properties and venturing into non-core diversifications. LSK focuses on building brand-equity through branding, efficiencies and sustainability initiatives via continual improvement in operations to compete on equal footing at the world market.

The strategic management principles adopted by LSK in its major business decision making are as follows:-

#### Strategic Management Principles for LSK

- (1) Focus – We strive to focus on our core competitive strength. We avoid diversification into non-related business of which we do not have competitive advantage.
- (2) Sustainability – We endeavour to ensure sustainability in our business operations by using renewable natural latex as our core materials and utilising green technology in our manufacturing operations.
- (3) Asset light – We avoid investment in properties other than those for our core business operations to keep our capital employed to those essential to our operations, so that to improve our return on equity.
- (4) Building competitive advantage – We focus on brand building through investment in intellectual properties, improving efficiencies through technologies advancement and mechanisation to remain competitive at the world market.
- (5) Conservatively financed – We manage our finance conservatively to be prepared for any unforeseen circumstances as well as to timely capture any good investment opportunity that may arise from time to time.
- (6) Increase per share earnings – Our main business objective is to increase earnings on per share basis to create shareholder value. We do not wish to build the size of company by doubling profit through doubling shareholding base, which do not create value on per share basis for existing shareholders.
- (7) Avoid dilution in shareholdings – We shun issuance of new shares through placements to new shareholders that may dilute the shareholdings for the existing shareholders. Unless the issue of new share is for acquisition of a business could provide incremental profit that is accretive on earnings per share basis for the existing shareholders or to bring in strategic shareholders that would create long-term value to the Group.
- (8) Avoid unnecessary capital raising – We endeavour to avoid the need to raise additional capital from shareholders through right issues. The Company is ready to draw on debt for major expansions or merger and acquisition (“M&A”) activities which is earnings accretive should the opportunities arise.
- (9) Capital allocation – We practise due care in our capital allocation decision to bring in incremental profit on every ringgit we reinvested. We may keep more funds than needed in our operation as war chest for future expansion or potential M&A activities.
- (10) Reward shareholders – We had adopted a dividend policy of a minimum 30% payout of the consolidated profit after tax and we strive to increase earnings on per share basis as well as reward shareholders on increasing dividend on per share basis in line with the growth of the Company.

## MANAGEMENT DISCUSSION &amp; ANALYSIS (cont'd)



## MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

### Dear Fellow shareholders

On behalf of the Board of Directors, we are pleased to present to you the annual report of LSK for the financial year ended 31 December 2025 ("FY 2025"). The Group turnover for FY 2025 was RM126.118 million with Profit Before Tax ("PBT") and Net Profit of RM5.678 million and RM5.258 million respectively. The Company was in net cash position of RM20.897 million as at December 2025.

The key financial highlights are as follows:-

#### Financial Highlights

RM'000	FY 2025	FY 2024	Change
Turnover	126,118	136,331	- 7.5%
Profit before tax	5,678	10,930	- 48.1%
Net profit for the year	5,258	9,392	- 44.0%
Earnings per share (sen)	2.09	3.76	- 44.4%
Return on equity	6.6%	11.7%	- 5.1%
Net cash	20,897	19,580	+ 6.7%
Dividend per share (sen)	1.50	2.35	-

#### Financial Analysis

The Group recorded lower revenue for FY 2025 at RM126.118 million, about 7.5% reduction over RM136.331 million in FY 2024 due to various economical headwinds. Profit before tax decreased by 48.1% from RM10.930 million in FY 2024 to RM5.678 million in FY 2025. Net profit for the year decreased from RM9.392 million in FY 2024 to RM5.258 million in FY 2025. The reasons for the decrease are explained below.

Nevertheless, the Group's net cash position increased from RM19.580 million as at December 2024 to RM20.897 million as at December 2025.

The Group's total shareholder's fund stood at RM79.440 million as at December 2025 with no gearing. The Group generated a return on equity of 6.6% in FY 2025 against 11.7% in FY 2024.

#### General Operations

##### Balanced Sales Channels

Sales by Channels	2025		2024	
	RM'000	%	RM'000	%
Exports	35,437	28.1%	34,987	25.7%
Direct B2C	48,200	38.2%	53,929	39.6%
Wholesale	8,348	6.6%	11,151	8.2%
Cuckoo Napure	23,140	18.4%	25,973	19.0%
Others	10,993	8.7%	10,291	7.5%
Total	126,118	100%	136,331	100%

## MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

The Group has strong presence in a wide variety of sales channels including oversea and domestic market. The export and domestic market ratio were approximately 28:72 in FY 2025, compared to 25:75 in FY 2024. In FY 2025, domestic sales was facing headwinds with weak consumer purchasing power across the divisions.

### Collaboration with Cuckoo International (MAL) Berhad

This collaboration contributed RM23.140 million in revenue to the Group in FY 2025, representing 18.4% of overall Group Turnover. This Rental Based Business Model required substantial upfront working capital to finance the rent.

### Main reasons for lower operating margin

In FY 2025, various cost pressures had affected the operating margin of the Group. Higher centrifuged latex prices, the increase in minimum wages, the introduction of SST on rental costs and lower domestic sales contribution on overall Group turnover.

### NAPURE – The No. 1 Selling Natural Latex Bedding

Our flagship brand Napure, is the proud owner of 3 Malaysia Book of Records, namely i) the largest natural latex bedding manufacturer, ii) the first and only “Aniline-free” natural latex bedding, and iii) the first and only certified organic latex bedding manufacturers under the Global Organic Latex System (“GOLS”). These records are solid proof of our achievement which again set us apart from our competitors. The Group has launched a lower priced Napureflex model for “latex-in-the-box” compressed latex mattress to further tap into the ecommerce segment.

### Strategic Management Principles

We have included our 10 strategic management principles on page 8 which form the central management philosophy of the present management in managing LSK. This serves to let shareholders and potential investors understand the process and rationales of decision making by the Management of LSK. We wish to attract likeminded investors and shareholders who share the same management concept with us over the long-term.



### Awards

The Group obtained various awards over the years with our achievements, including the latest Malaysia Book of Records (“MBR”). In 2019, we won the Sustainable Development Award organised by Junior Chamber International for our sustainable green natural latex building, as well as the MBR for the first Aniline-free latex bedding. In FY 2020, we were certified by MBR as the first organic latex bedding manufacturers under Global Organic Latex Standard (“GOLS”).



## MANAGEMENT DISCUSSION & ANALYSIS (cont'd)

### Specific Business Risks

(i) Foreign labour

The Group is principally a manufacturing company and thus would rely on the use of foreign labour. The Group is targeting at mid to high end market and thus in a stronger position to absorb and pass on any increase in labour cost.

(ii) Centrifuged latex cost

Any huge fluctuation in the price may have an impact on the margin for our latex operations. The Management has implemented hedging techniques to minimise any short-term fluctuation in the price of centrifuged latex.

(iii) Distribution agreement with Tempur

The Group has been the exclusive distributor for Tempur since 2006. The agreement is subject to review annually and there is no guarantee that Tempur would extend the distribution rights in the future. The total contribution from Tempur to the turnover of the Group was less than 5% in FY 2025.

### Group Culture

Our Group culture could be summarised as EIIE, being the acronym for Effective, Integrity, Improve and Efficient. We inculcate our team to strive for effectiveness in achieving our Group strategies, be one of the most efficient players in the market, constantly improve oneself and grow with the Company, and finally the most important aspect, with strong integrity. We believe EIIE would be critical for the Group to face all economic challenges facing the Group from time to time, and allow us to excel over the long-term.

### Dividend Policy

The Group has a dividend policy of declaring a minimum of 30% of consolidated profit after tax for dividend payment and is subject to factors such as the Group's earnings, capital commitment, general financial conditions, distributable reserves as well as the Group's solvency. Dividend will be in the form of cash or share dividends of equivalent market value at the time of declaration.

As for FY 2025, the Board of Directors had declared a single tier interim dividend of 1.50 sen per ordinary share representing a payout ratio of 72.8% on PAT. (FY 2024: 2.35 sen).

### Share Buy-back, Special Treasury Share Dividend and Bonus Issue

The Board of Directors commenced share buy-back since November 2017. The shares purchased will be kept as treasury shares and may be used, inter alia, as share dividend, share considerations for acquisitions, Employee Share Options Scheme, etc in future as permitted by the relevant regulatory requirements. This exercise allows the Group to utilise its cash flow into good use and increase the EPS of the Group. There was no share buyback undertaken during the FY 2025.

### Land and Building at Historical Cost Valuation

Our two factories with freehold titles and a total land size of approximately 10 acres were recorded at historical cost as far as 20 years ago. Based on the recent transacted market value in the vicinity, the increase in value is very substantial.

### Forward Looking Statement

The Management strives to build a sustainable business model to maximise long-term shareholder value. The performance of the Group will be affected from time to time by external factors including fluctuations in raw latex cost and exchange rate, as well as general economic situation. The Management is always cautious on various external risk factors that may affect the Group. We strive to have a relatively well-balanced structure in terms of composition of export and domestic sales, as well as a natural hedging of exports and imports which would minimise the impact of any sudden fluctuation in foreign exchange.

### Acknowledgement

I would like to take this opportunity to express my sincere appreciation to the Board of Directors and Management team for their positive contributions, and to thank all customers, suppliers, bankers and our dedicated team of staff for their unwavering support throughout the years.

**Dato' Eric Lee**  
**Managing Director**

## SUSTAINABILITY STATEMENT

### Managing Director Chairman Statement



At Lee Swee Kiat Group Berhad (“LSK”), we believe that sustainable growth can only be achieved with transparency, product excellence, and a sense of responsibility to our planet and its people. Over the past three years, we have transformed from a company that is mindful of the carbon footprint in specific manufacturing processes to a company that has integrated sustainability into the heart of our latex, mattress and retail businesses. It is my pleasure to present to you, our Sustainability Statement for the year of 2025, which marks yet another big year of progress.

### Our Three-Year Journey

Our journey towards a sustainable future started with the formalisation of our Anti-Bribery and Anti-Corruption (“ABAC”) policy in the year 2023. This was followed by a rapid move towards the adoption of renewable energy in the year 2024, which culminated in the launch of our divisional greenhouse gas (“GHG”) emissions targets in the year 2025. This year marks a milestone for us as we have successfully covered every aspect of our carbon footprint by systematising our environmental monitoring processes.

### Division Highlights

**Latex Division:** As our main manufacturing hub and largest water consumer, this division has been at the forefront in process optimisation. We have set incredibly tight baselines for both carbon and water intensity, enabling us to manage these resources with unprecedented accuracy while ensuring all waste is disposed of in a responsible manner.

**Mattress Division:** This division has been our champion in the circular economy concept. It produces a significant percentage of its electricity via our solar panels and has been able to utilise the vast majority of its manufacturing waste as a resource.

### Operational Initiatives Delivered

We have moved beyond simple tracking to active intervention. Across the Group, we have enhanced energy management through smarter equipment use and better thermal insulation. Our transition toward a circular model is now firmly embedded, with latex scraps being rerouted into rebound foam production and packaging materials being recycled through licensed partners. In our supply chain, we always strive to deepen the engagement with our suppliers through meaningful dialogues to ensure that they share our high standards for compliance and integrity.

### Our People and Community

Our progress is driven by our people. We continue to invest in the growth of our workforce through expanded training hours and a steadfast commitment to health and safety, maintaining an exemplary record of zero workplace fatalities over the last three years. Beyond our factory walls, we remain dedicated to our community, fostering a culture of volunteerism and support for local homes and organisations.

### Product Excellence and Credentials

Our products are designed with sustainability in mind, and this is evident in what our customers bring into their homes. From our Napure® foams’ durability to our latex cores’ organic certification, our credentials loudly speak to audited traceability and health of materials. From our recent product launches and usage of organic materials, we have demonstrated that we don’t have to choose between innovation and the environment.

## SUSTAINABILITY STATEMENT (cont'd)

### Governance and Integrity

Integrity is one of our Core Values. We have maintained a perfect record of zero substantiated complaints regarding corruption or data breaches for three consecutive years. By aligning our disclosures with international standards like IFRS S2, we ensure that our climate oversight is robust, transparent, and integrated into our long-term risk management.

### Looking Ahead

While we celebrate these achievements, we recognise that our sustainability journey has only just begun. We are now focused on achieving our 2030 targets for carbon intensity and our ambitious long-term goal of offsetting a significant majority of our Mattress division emissions with solar power by 2050. These are practical, necessary steps toward creating lasting value for our stakeholders. On behalf of the Board and management, I thank you for walking this path with us as we continue to grow responsibly together.

### About This Statement

This Sustainability Statement (the "Statement") presents an overview of LSK's sustainability performance and progress, outlining the Group's progress, achievements and areas of improvement in environmental, social and governance ("ESG") matters during the financial year ended ("FY") 2025. The report reflects LSK's responsible and sustainable practices across its operations, with a clear focus on long-term value creation for stakeholders.

The Statement highlights key sustainability initiatives implemented during the year and outlines how these have supported the Group's strategic direction and operational resilience. It also provides balanced disclosure of the challenges encountered, including ESG-related risks and prevailing economic conditions, as well as the potential opportunities to further strengthen our performance on sustainability outcomes.

### Reporting Scope and Boundaries

The Statement covers the sustainability-related activities, risks, opportunities and performances of the following main business divisions of LSK for FY 2025:

Business Division	Principal Activities	Legal Entity
Latex	Manufacturing of latex core, latex sheets, latex pillows	LSK Napure Latex Sdn Bhd
Mattress	Manufacturing of mattresses, pillows, bedding accessories	LSK Mattressworld Sdn Bhd
Retail	Wholesale, retail and distribution of sofa, bedframes, mattresses and furniture	LSK Mattress Marketing Sdn Bhd LSK Italhouse Sdn Bhd

Data and initiatives are consolidated at divisional level and, where relevant, disaggregated by division. HomePlus Furniture Sdn Bhd, a former division of LSK, has ceased to be a subsidiary in April 2024, hence excluded from the Statement.

### Reporting Frameworks and Standards

The Statement has been prepared with reference to and, where practicable, in alignment with:

- Bursa Malaysia Sustainability Reporting Guide Third Edition
- United Nations Sustainable Development Goals ("UNSDGs")
- Applicable Malaysian laws and regulations on environment, labour, health and safety

Where there are gaps in data availability, estimation methods and assumptions are clearly identified once data are finalised. The material sustainability data disclosed in the Statement is entered into Bursa Malaysia's Centralised Sustainability Intelligence ("CSI") Solution, attached as the Appendix.

## SUSTAINABILITY STATEMENT *(cont'd)*

### Assurance

All data disclosed in the Statement has been internally sourced and verified by the respective data owners. The Group's Board of Directors and Sustainability Committee have thoroughly reviewed the Statement to ensure fair and accurate presentation of the Group's sustainability impacts for the reporting period. To further strengthen the credibility and reliability of the disclosures, selected sections of this report have also been endorsed by the Group's Audit Committee. We are preparing to obtain external assurance in the future financial years.

### Forward-looking Statements

The Statement may contain forward-looking statements in relation to the Group's strategies, targets, plans and initiatives. These statements are based on current expectations, assumptions and available information as at the reporting date. Actual outcomes may differ due to factors including, but not limited to, macroeconomic conditions, regulatory changes, market dynamics, technological developments and physical climate-related events.

### Feedback

We welcome feedback, suggestions and comments to help us improve our sustainability practices, reporting and overall performance. Please submit your feedback to:

Dato' Eric Lee  
 Managing Director, Lee Swee Kiat Group Berhad  
 Email: [eric@lsk.com.my](mailto:eric@lsk.com.my)

### Who We Are

LSK is a well-established public-listed company in Malaysia, with a heritage in mattress manufacturing dating back to 1975. Over the decades, LSK has built a strong reputation as a leading manufacturer of quality mattresses, underpinned by two large-scale manufacturing facilities with a combined built-up area of approximately 440,000 square feet. These facilities are equipped with modern, integrated production lines that support end-to-end manufacturing capabilities, from natural latex foam to a wide range of spring systems and finished bedding products.

We are particularly recognised for our expertise in environmentally responsible bedding solutions made using 100% natural latex. By leveraging advanced technologies and industry-leading manufacturing practices, we deliver products that meet stringent quality, durability and comfort standards while supporting more sustainable production outcomes. As of today, more than 30% of LSK's mattress output is exported to international markets such as the United States of America, Canada, Europe, Japan and Korea.

Complementing the Group's manufacturing operations is our retail presence through the International Brands Gallery ("IBG"), which offers customers a curated retail experience. Together with the key business divisions, the Group operates as an integrated ecosystem focused on innovation, responsible growth and long-term value creation. Through these strengths, we continue to position ourselves as a trusted and forward-looking leader in the bedding industry, committed to excellence and sustainability.



**LEE SWEE KIAT GROUP BERHAD**  
 [Registration No. 200301005163 (607583-T)]

In FY 2025, LSK is proud to celebrate our 50th Anniversary, reflecting five decades of sustained growth, operational excellence and brand development. This milestone underscores our commitment to quality, innovation and sustainable business practices, and reinforces our focus on long-term value creation for all stakeholders.

We are an active member of the following industry associations:

- International Sleep Products Association ("ISPA")
- Malaysia Furniture Council ("MFC")
- KL and Selangor Furniture Association
- Malaysian Rubber Council

## SUSTAINABILITY STATEMENT (cont'd)

### Who We Are (continued)



Our most signature mattress lines embody our commitment to provide the best sleep experience.

### Our Mission and Vision

At LSK, we believe in making a positive difference to the way we live. **Our Mission is to improve the sleep quality and health of individuals.** We execute this by using environmentally friendly natural latex and energy-efficient green technologies.

**Our Vision** is clear: **to lead as the premier ESG bedding manufacturer in ASEAN.** We strive to fulfil this vision by prioritising ESG in all aspects of our operations.

Our core values are summarised by Effective, Integrity, Improve and Efficient (“EIIIE”):

- **Effective** – Delivering outcomes that support long-term value creation.
- **Integrity** – Upholding ethical conduct and compliance with applicable laws and standards.
- **Improve** – Pursuing continuous improvement in processes, products and ESG performance.
- **Efficient** – Optimising resource use to enhance productivity and minimise environmental impact.

## SUSTAINABILITY STATEMENT (cont'd)



### WHO WE ARE

#### ABOUT US

- Founded in 1975
- Public listed in 2004
- Committed to product quality and sustainability

#### OUR PURPOSE

- Mission: To be the leading premier in ESG bedding manufacturer in ASEAN
- Vision: To improve the sleep quality and health of individuals

#### OUR RECORDS



- Malaysia's Largest Organic Latex Bedding Manufacturer



- Global Organic Latex Standard (GOLS)



- Sustainable Green Natural Latex



- First Aniline-Free Natural Latex Bedding

#### OUR RECORDS

EFFECTIVE

INTEGRITY

IMPROVE

EFFICIENT



#### OUR BRANDS

Napure®



ENGLANDER®

Better Sleep by Design.



## SUSTAINABILITY STATEMENT (cont'd)

### Our Commitment to Sustainability

At LSK, sustainability is built into how we operate, innovate and grow. We focus on practical actions that reduce our environmental footprint, protect people and strengthen governance, to create long-term value for customers, employees, suppliers and shareholders.

#### **Strong governance and transparent reporting**

We strengthened our ESG foundations with a Group-wide ABAC Policy and maintained zero substantiated corruption and data breach complaints in recent years. We also expanded climate disclosure and systematised environmental data collection to improve accuracy and comparability across divisions.

#### **Climate and resource management backed by data**

We disclosed total FY 2025 GHG emissions of 6,099.8 tCO<sub>2</sub>e (Scope 1: 3,534 tCO<sub>2</sub>e; Scope 2 gross: 2,501 tCO<sub>2</sub>e; selected Scope 3: 66 tCO<sub>2</sub>e) and offset 14.5% of total Scope 2 emissions via onsite solar installed at our mattress manufacturing facility, which generated 606,753 kWh. Operationally, our Latex Division recorded 2,608,695 kWh of electricity and 22,906 m<sup>3</sup> of water (intensity 4.33 m<sup>3</sup>/tonne); the Mattress Division used 181,698 kWh; and Retail used 787,588 kWh. These metrics guide efficiency upgrades, from ventilation, insulation to production scheduling, to reduce energy and emissions over time.

#### **Clear targets to drive continuous improvement**

We have set divisional FY 2030 targets to reduce carbon emissions intensity in Latex of Scopes 1 and 2 combined to 800.00 kgCO<sub>2</sub>e per tonne per year and in Mattress to zero kgCO<sub>2</sub>e per tonne per year and to increase solar contribution to 80% of Scope 2 offsets by FY 2030, providing a practical, staged pathway for decarbonisation.

#### **Circularity and responsible waste stewardship**

We prioritise waste prevention, reuse and recycling. In FY 2025, we managed 837 tonnes of waste across the Group, including 613 tonnes of latex scraps repurposed to rebound foam, 118 tonnes recycled, and 107 tonnes directed to landfill via approved channels. Our Latex Division totalled 137 tonnes of landfilled waste. We operate in compliance with the Environmental Quality Act 1974, using licensed contractors for scheduled wastes and monitoring effluents to remain within regulatory limits.

#### **Product quality, safety and material health**

Product stewardship is integral to our brand value. Our quality system is anchored by ISO 9001, and Napure® latex foam carries independent credentials:

- LGA-tested quality and durability (valid until June 2029)
- ecoINSTITUT (low emissions content, valid to October 2027)
- GOLS 3.0 (≥95% organic content with traceability, valid until January 2027)

We advanced mattress innovation through our CUCKOO Malaysia partnership (A-Series) and launched Pureganic Zen Series with multi-zonal sleep support and 100% natural organic latex, aligning health, performance and sustainability.

#### **Responsible sourcing and supplier engagement**

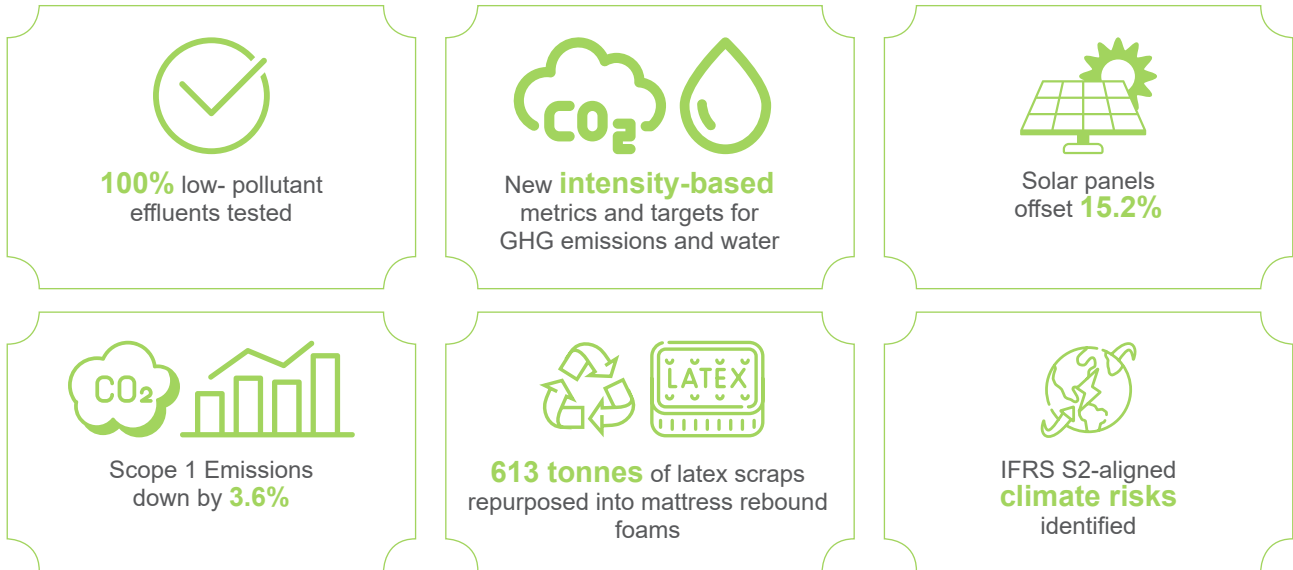
We aim for resilient, ethical supply chains with traceable natural rubber sourcing. This year, supplier dialogues covered more than half of our base; no suppliers were identified as non compliant with our evaluation criteria, which include climate, labour, safety and ESG governance indicators. We continue to monitor markets and work with suppliers to maintain quality, continuity and social safeguards.

#### **People, safety and community**

We invest in capability, wellbeing and safe workplaces. Our 395-strong workforce completed 1,302 training hours, averaging 3.30 hours per employee. We recorded zero workplace fatalities and zero Lost Time Injury Rate for three consecutive years, with 57 employees trained in health and safety during FY 2025. Community outreach continued, including a volunteer programme and mattress donations to Persatuan Sri Baba Old Folks Home.

## SUSTAINABILITY STATEMENT (cont'd)

### Our Commitment to Sustainability (continued)



## SUSTAINABILITY HIGHLIGHTS FY 2025



## SUSTAINABILITY STATEMENT (cont'd)

### GOVERNANCE

#### Sustainability Governance Structure

At LSK, our sustainability is governed at Group level and cascaded to the Subsidiaries through divisional structures, as follows:



#### 1. Board of Directors

- Approves the overall sustainability strategy, risk appetite and key targets for climate, environment, people and governance.
- Ensures integration of material sustainability matters into long-term strategy and capital allocation.

#### 2. Audit Committee

- Monitors and reviews sustainability progress annually through Sustainability Statements and updates from the Sustainability Committees.

#### 3. Divisional Sustainability Committees (Latex, Mattress and Retail)

- Translate Group-level strategy into divisional action plans.
- Coordinate cross-functional sustainability initiatives.
- Escalate material sustainability risks and incidents to the upper levels.
- Facilitate internal awareness and training on sustainability-related topics.

#### 4. Sustainability Working Teams

- Responsible for sustainability data collection.
- Implement action plans for climate management, occupational health and safety, labour practices, supply chain and community development.

#### Materiality Assessment Approach

The Subsidiaries' material sustainability matters are determined using the Group's materiality framework as follows:

1. **Identification:** Review of Group-level material topics and sector benchmarks (for example, mattress manufacturing, furniture manufacturing and retail). Consideration of regulatory requirements, investor expectations and peer practices.
2. **Prioritisation:** Assessment of the significance of economic, environmental and social impacts and the influence on stakeholder assessments and decisions. Use of workshops and internal reviews with management and key functions.
3. **Validation:** Review and endorsement by Divisional Sustainability Committees, followed by Board of Directors.
4. **Review:** Periodic reassessment to incorporate emerging risks and opportunities, including climate-related and social issues.

## SUSTAINABILITY STATEMENT (cont'd)

## Stakeholder Engagement

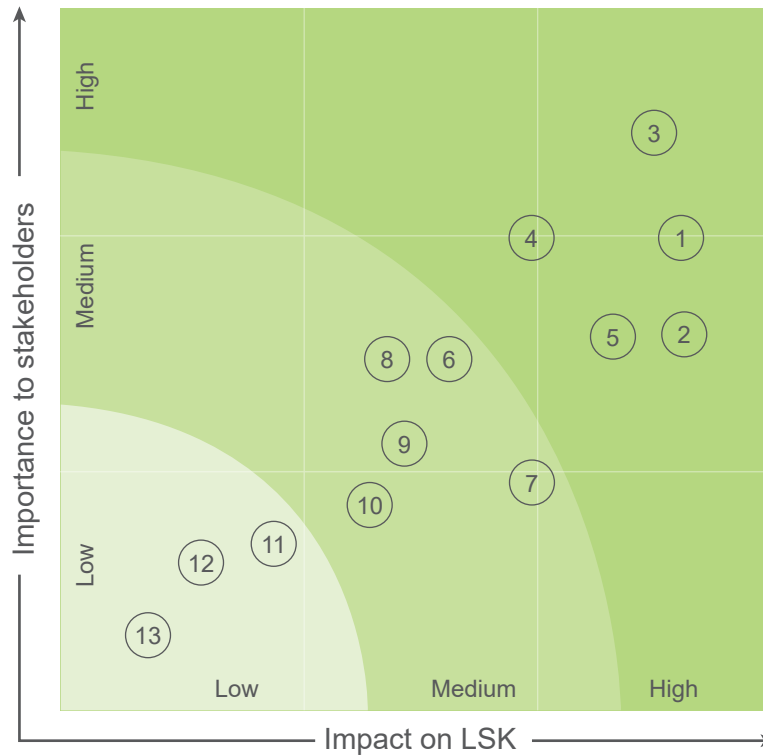
LSK engages with diverse stakeholder groups such as employees, customers, suppliers, investors, regulators, communities and industry associations throughout FY 2025.

Stakeholder Group	Engagement Frequency and Channels	Key Topics of Concern	Management Approach in FY 2025
<b>Customers</b> 	<b>Frequency:</b> Continuously <b>Channels:</b> Awareness programmes, one-to-one engagement, marketing materials, roadshows	<ul style="list-style-type: none"> <li>Product quality</li> <li>Delivery performance</li> <li>Perceived value of products</li> </ul>	<ul style="list-style-type: none"> <li>Set up Quality Management System (“QMS”) certification</li> <li>Improved on product pricing variation – 50th anniversary promo and lucky draw activities</li> </ul>
<b>Employees</b> 	<b>Frequency:</b> Regularly or Continuously <b>Channels:</b> Sharing sessions, surveys, group activities, innovation programmes	<ul style="list-style-type: none"> <li>Job security</li> <li>Wages and benefits</li> <li>Workplace health and safety</li> <li>Career progressions</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 4 company events involving all employees</li> <li>3.30 hours of professional training per employee</li> </ul>
<b>Suppliers</b> 	<b>Frequency:</b> Periodic <b>Channels:</b> Assessment forms, face-to-face discussions, training sessions	<ul style="list-style-type: none"> <li>Payment terms</li> <li>Bid pricing</li> <li>Quality of raw materials</li> <li>ESH compliance</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 30 regular supplier audits</li> <li>Integrated ESH criteria into audit checklist</li> </ul>
<b>Media</b> 	<b>Frequency:</b> Frequent <b>Channels:</b> Newspaper, social media, press conferences, product launches	<ul style="list-style-type: none"> <li>Company performance</li> <li>Misconception</li> <li>Complaints</li> </ul>	<ul style="list-style-type: none"> <li>Proactive communications</li> <li>Issued press statements</li> <li>Highlighted ESG achievements via various channels</li> </ul>
<b>Investors &amp; financiers</b> 	<b>Frequency:</b> Annual or Quarterly <b>Channels:</b> Annual general meetings, media briefings, report publications	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Regulatory compliance</li> <li>Business risks</li> </ul>	<ul style="list-style-type: none"> <li>Provided regular financial reports</li> <li>Annual board alignment on disclosures</li> </ul>
<b>Industry association</b> 	<b>Frequency:</b> Ongoing <b>Channels:</b> Representations, lobbying, knowledge sharing sessions	<ul style="list-style-type: none"> <li>Cost of materials</li> <li>Regulatory impact</li> </ul>	<ul style="list-style-type: none"> <li>Attended industry conferences</li> <li>Collaborations with peers on ESG initiatives</li> </ul>
<b>Communities &amp; NGOs</b> 	<b>Frequency:</b> Ad-hoc <b>Channels:</b> Dialogues, meetings, joint initiatives	<ul style="list-style-type: none"> <li>Environmental impact</li> <li>Community development</li> <li>Labour practices</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a community outreach programme</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### Materiality Matrix

LSK uses a structured, stakeholder-informed approach to identify material ESG topics. Following valuable input from our stakeholders in FY 2025, we have created a materiality matrix to map the importance of these topics to both the Group and our stakeholders, allowing us to prioritise issues that affect performance, reputation, and long-term value. The matrix illustrates these issues by their importance to stakeholders and impact on LSK. It guides how we set priorities, allocate resources, and track sustainability progress over time.



The FY 2025 materiality assessment identified 13 material sustainability matters that reflect both business priorities and stakeholder expectations:

Material Matters	Priority
1) Product Quality	High
2) Supply Chain Management	
3) Sourcing of Natural Rubber	
4) Retail Customer Satisfaction	
5) Energy Management	
6) Water Management	Medium
7) Employee Safety, Health and Well-Being	
8) Chemical Safety and Product Stewardship	
9) Waste Management	
10) Climate Management	
11) Anti-Corruption	Low
12) Human Rights and Labour Practices	
13) Community Engagement	

## SUSTAINABILITY STATEMENT (cont'd)

### Policies, Codes and Management Systems

The Divisions adopt LSK Group policies and frameworks, including:

- Anti-Corruption and Anti-Bribery Policy
- Code of Conduct and Ethics
- Whistleblowing Policy
- Data Privacy and Security Policy
- Supply Chain and Procurement Practices

Our Latex Division also abides by Environmental Quality Act 1974.

### Anti-Bribery and Anti-Corruption Policy

LSK upholds a zero-tolerance approach towards bribery and corruption and is committed to conducting its business with integrity, transparency and accountability. The Group's ABAC Policy, established in February 2023, is aligned with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and supports ethical conduct and sound corporate governance. The ABAC Policy provides clear guidance on identifying, preventing and managing bribery and corruption risks across the Group. It applies to all Directors, officers and employees, as well as relevant business associates, including suppliers, customers, consultants and contractors.

Oversight of the ABAC policy is embedded within the Group's governance structure, with the Audit Committee Chairman, Managing Director and Internal Auditor jointly responsible for monitoring compliance and control effectiveness. All Directors, officers and employees are required to acknowledge and comply with the policy, while declarations from external business associates are obtained based on risk and materiality assessments. The exchange of gifts, entertainment and hospitality is permitted only where it is reasonable, customary and not intended to influence business decisions or secure improper advantage. Employees are required to seek guidance and approval where uncertainty exists. Any breach of the ABAC Policy is treated seriously and may result in disciplinary action.



ABAC Performance	Unit	FY 2023	FY 2024	FY 2025
Percentage of employees trained on anti-corruption	%	100	100	<b>100</b>
Percentage of operations assessed for corruption risk	%	100	100	<b>100</b>
Substantiated complaints pertaining to corruption and gift-giving incidents	Number	0	0	<b>0</b>

### Whistleblowing Policy

LSK maintains a Whistleblowing Policy to support a speak-up culture and to enable the early identification and mitigation of integrity risks. All Directors, officers and employees share responsibility for upholding the effectiveness of the ABAC Policy and are encouraged to report any suspected or actual misconduct in good faith.

Suspected breaches may be reported directly to the Audit Committee Chairman through the designated reporting channel as shown below. Whistle-blowers are afforded protection under the Group's Whistleblowing Policy, which safeguards confidentiality and protects individuals from retaliation. This mechanism supports ethical decision-making, strengthens internal controls, and reinforces LSK's commitment to responsible business conduct.

## SUSTAINABILITY STATEMENT (cont'd)

### Whistleblowing Policy (continued)

Whistleblowing letter can be sent to:	Designated email address:
Mr Richard Wong Audit Committee Chairman	yswong8989@gmail.com

### Data Privacy and Security Policy

Data privacy and information security are key priorities for LSK, reflecting the Group's commitment to ethical conduct and regulatory compliance. The Internal Audit Department plays a central role in supporting these objectives by providing oversight and assurance that the Group operates with integrity and in accordance with applicable laws and requirements, including the Personal Data Protection Act 2010.

The Group has implemented robust data security measures to reduce the risk of unauthorised access, misuse or data breaches. These measures include established protocols and the use of appropriate technologies to safeguard personal and sensitive information from external threats. Confidential and commercially sensitive documents, such as proprietary designs and pricing information, are securely maintained in controlled locations with access restricted to authorised personnel.

Data Privacy and Security Performance	Unit	FY 2023	FY 2024	FY 2025
Substantiated complaints concerning data breaches	Number	0	0	0

During FY 2025, the Group recorded zero data breach complaints, reflecting the effectiveness of its data protection controls and practices. We will continue to monitor and strengthen our data privacy and security arrangements to protect information of our stakeholders, while ensuring ongoing compliance with regulatory requirements.

### Alignment with UNSDGs

LSK contributes to selected UNSDGs, consistent with the Group's focus areas such as decent work, responsible production and climate action.



## SUSTAINABILITY STATEMENT (cont'd)

## Alignment with UNSDGs (continued)

UN SDGs				
Affordable and Clean Energy	Decent Work and Economic Growth	Responsible Consumption and Production	Climate Action	Partnerships for the Goals
				
Our Contribution Metrics				
Solar PV adoption, energy efficiency in plants and outlets	Job creation, skills development, fair labour practices	Sustainable materials, waste reduction, recycling	GHG reduction and climate risk management	Collaboration with suppliers, NGOs and industry bodies

## Supply Chain Management

LSK sources raw materials, components and services from both local and overseas suppliers, including those based in China, Indonesia, Thailand and Denmark, to support all manufacturing and retail operations. In line with Group-wide procurement practices, we maintain a diversified pool of qualified suppliers to support supply continuity and operational resilience. Despite our predominantly overseas supplies, we encourage local procurement where commercially and operationally feasible, while maintaining regular engagement with suppliers to improve product quality, cost efficiency and environmental, safety and health (“ESH”) performance.

Supply Chain Management Performance	Unit	FY 2023	FY 2024	FY 2025
Local Suppliers Spend	RM	23,509,652	28,262,309	<b>21,569,908</b>
Overseas Suppliers Spend	RM	24,079,339	33,551,904	<b>34,092,731</b>
Local Suppliers	%	49.40%	45.72%	<b>38.8%</b>
Overseas Suppliers	%	50.60%	54.28%	<b>61.2%</b>

## Supplier Engagement and Compliance in FY 2025

We seek to work with suppliers that meet our standards for quality, legal compliance, responsible business conduct, and good ESG practices. Such expectations are communicated during supplier onboarding and reinforced through periodic evaluations and engagement. Throughout FY 2025, we conducted supplier dialogues covering our Top 10 suppliers. These dialogues **assess supplier performance** across quality, delivery reliability and compliance with regulatory and ESG-related requirements. This process allows us to identify potential risks, verify supplier practices and support continuous improvement.

Supplier Evaluation Criteria	Key Performance Indicator (KPI)
<b>Climate Action</b>	Total Scope 1 and Scope 2 GHG emissions
<b>Quality</b>	Certifications such as ISO 9001/14001/45001, EMAS, OHSAS 18001, ANSI Z10, etc.
<b>Labour Practices</b>	Adherence to Employment Act 1955
<b>Safety and Health Practices</b>	Frequency of conducting fire drill and safety trainings
<b>ESG Governance</b>	Extent of ESG performance disclosures in the annual report

The table above outlines our evaluation criteria and corresponding KPIs used in our supplier evaluations. During the reporting period, no suppliers were identified as non-compliant with our internal evaluation criteria. Wherever improvement opportunities are identified, we engage suppliers to address gaps and strengthen their performance. We also **prioritise long-term relationships with reliable suppliers** to support consistent supply and operational stability. We will continue to enhance our supplier assessment processes in the future ahead.

## SUSTAINABILITY STATEMENT (cont'd)

### ECONOMIC AND BUSINESS

#### Our Pledge: Redefining Healthy Sleep

LSK pledges to **transform the sleep experience** by championing 100% natural organic latex as the gold standard for consumer wellness and environmental stewardship. Our core mission is to help people sleep healthier by providing bedding solutions that are **inherently biodegradable, hypoallergenic, and free from the volatile organic compounds ("VOCs")** typically found in synthetic foam. We recognise that a mattress is a long-term investment in health; therefore, we have engineered our products to provide superior anatomical support and natural aeration, ensuring that our customers benefit from a sleep environment that is both physically restorative and chemically pure.

We beg to differ from our competitors by maintaining a strict **"no-fillers" policy**, ensuring our latex foams remain uncontaminated by the calcium carbonate or synthetic blends often used in the industry to reduce costs at the expense of durability. As **Malaysia's largest natural latex manufacturer**, we have leveraged our scale to lead the market in technical innovation, becoming the first in the country to develop aniline-free latex and achieve the **Global Organic Latex Standard ("GOLS") certification**. By maintaining total control over our supply chain, from the sourcing of sustainable sap to our radio frequency drying technology, we ensure that our products offer a level of purity and performance that sets us apart as a pioneer in the transition toward a greener, toxin-free economy.



#### Product Quality and Durability

Our commitment to quality is not merely a procedural requirement but a fundamental component of our business resilience and customer trust.

Our Napure® latex foam is **independently certified for performance and material health**. **Durability** is validated under the German LGA Tested Quality protocol by TÜV Rheinland (valid till June 2029), which applies 1,400 N over 60,000 cycles to simulate years of use. Furthermore, our latex foams meet the eco-INSTITUT Label criteria for **low pollutant and low VOCs** (valid till October 2027). Our latex core supply is certified to GOLS version 3.0 (valid till January 2027), confirming more than 95% **certified organic latex content** without harmful chemicals or synthetic additives.

The LGA durability protocol is an engineering stress test that tracks changes in height, firmness and resilience after intensive cyclic loading; passing it provides evidence that the mattress core will retain comfort and support characteristics over many years of daily use, reducing the risk of premature sagging and enhancing long-term satisfaction. The eco-INSTITUT label confirms that our foam is low-emission and low-pollutant, with chamber tests for VOCs (including carcinogenic, mutagenic and reprotoxic substances) and content checks for nitrosamines, formaldehyde, pesticides and phthalates, supporting a healthier indoor environment and minimising odour concerns from new products. Finally, GOLS certification assures the organic integrity of the latex itself (≥95% organic content by weight) and full supply-chain traceability audited by Control Union, giving customers confidence that material sourcing, processing and chemical limits meet stringent international standards.

#### Strategic Partnerships and Product Innovation

As part of our ongoing commitment to product quality and continuous improvement, we actively collaborate with strategic partners to develop products that meet evolving customer needs. In FY 2025, we continued to maintain our **strategic partnership with CUCKOO Malaysia**, reflecting sustained confidence in our product quality and manufacturing capabilities. Through this collaboration, we launched updated iterations of the **A-Luxe and A-Lite Series** mattresses, which are Malaysia's first and only aniline-free mattresses. These product lines combine our 100% natural latex technology with CUCKOO Malaysia's "Healthy Living" rental model of 3 to 7 years, with free mattress cleaning service provided every 4 months. The continued success of this partnership underscores our ability to harmonise economic growth with positive social and environmental outcomes, fulfilling our vision of delivering "Beyond Standards" healthy living solutions to the Malaysian public.



## SUSTAINABILITY STATEMENT (cont'd)

### Product Quality and Durability (continued)

#### Strategic Partnerships and Product Innovation (continued)

In addition, we launched a new product range in FY 2025 called **PureganicLatex™ Zen** which is specifically designed to meet the growing consumer demand for high-performance, non-toxic sleep solutions. We engineered this range with a multi-zonal support system, utilising 100% natural organic latex to provide superior anatomical alignment while eliminating the risk of VOCs emissions common in synthetic alternatives. This technical evolution ensures that our products maintain their structural integrity and elasticity over an extended lifecycle, as verified by our internal durability testing, thereby enhancing customer satisfaction through long-term reliability. By prioritising material purity and precision moulding, we have successfully integrated our research and development efforts with consumer wellness, positioning the Zen series as a benchmark for our product stewardship within the premium bedding market.

From a sustainability perspective, the Pureganic Zen series is a core component of our commitment to the circular economy and responsible consumption. Our integration of GOLS and Global Organic Textile Standard (“GOTS”) certified materials effectively decouples our production growth from chemical-intensive agriculture, which aligns with our mission to provide healthy, sustainable sleep solutions.



### Customer Satisfaction

Customer satisfaction is a crucial indicator of our operational performance and product quality. We actively engage with customers across both our Latex Division (business-to-business) and Retail Division (business-to-consumer) to understand their needs, obtain feedback and improve our products and services.

#### Latex Division (business-to-business)

Within our Latex Division, we maintain **direct engagement** with business customers through structured communication channels, including email correspondence and tailored survey instruments. These platforms enable us to systematically capture feedback on product quality, technical specifications and overall customer satisfaction. In FY 2025, **no** formal customer complaints were recorded within the Latex Division. This reflects our consistent adherence to defined product specifications, robust quality control processes and proactive customer engagement practices. Notably, the Division received a **5 out of 5** rating from a United States-based mattress manufacturer utilising our latex foam products, citing “consistent and reliable communication” and a high standard of customer care.

We remain committed to strengthening long-term customer relationships through timely, transparent communication and a responsive approach to evolving customer requirements.

#### Retail Division (business-to-customer)

Within our Retail Division, we engage directly with end-consumers through a combination of physical retail outlets and digital platforms, ensuring accessibility and responsiveness across all customer touchpoints. **Customer feedback** is systematically gathered through multiple channels, including:

- Customer Complaint Forms available at retail outlets
- Direct engagement during sales and after-sales service interactions
- Online customer reviews, including platforms such as Google Reviews

We actively monitor and assess customer feedback to ensure that concerns are addressed in a timely, transparent, and responsible manner. To reinforce product assurance, we offer a **10-year warranty** on mattresses alongside a **1-for-1 replacement scheme**. Where product-related issues arise, we provide comprehensive **after-sales support**, including servicing, exchanges, or refunds, in accordance with established internal procedures. In addition, our dedicated Export Department manages all product recall processes, ensuring compliance with applicable regulatory requirements and safeguarding customer wellbeing across our markets.

We are progressively strengthening our customer satisfaction monitoring framework by formalising feedback tracking mechanisms. This enables enhanced service responsiveness, improved customer experience, and supports our broader sustainability objectives through responsible product stewardship and lifecycle management.

## SUSTAINABILITY STATEMENT (cont'd)

### Customer Engagement and Accessibility

We recognise that direct engagement with customers is essential to understanding their needs, strengthening relationships and improving overall customer satisfaction. As part of our ongoing efforts to enhance accessibility and interaction with customers, we **continued to expand our retail presence** during FY 2025 as follows:

- Two brand-new Napure showrooms at IKEA Batu Kawan and City Junction in Penang
- Various sales events, including World Sleep Day sale, *Jualan Ramadan*, MFO Petaling Jaya clearance sale and MFO Year End Sale
- Participated in various home and living exhibitions
- Featuring our A-series mattresses in CUCKOO Brand Galleries throughout Malay



Our New Napure Showrooms in Penang (left) and Kuala Lumpur (right).

These locations were strategically selected due to high population density, which provides increased opportunities for direct engagement with both new and existing customers. By establishing our presence in these commercial areas with strong retail activity, we can improve customer accessibility, strengthen brand visibility and gather valuable insights into customer preferences for continuous improvement.

### LSK 50th Anniversary Campaign

In conjunction with our 50th Anniversary, we organised a Spend & Win Campaign from February to November 2025, which was open to members of the public. The campaign included a Grand Lucky Draw and a series of mini lucky draws held throughout the campaign period. The Grand Prize winner received a BYD electric sedan, while other prizes included travel packages, luxury goods, cruises and home appliances. Along with the campaign, we also introduced anniversary promotions such as discounts of up to 50% on selected mattresses, complimentary bedframes and bedding accessories, and a limited-edition Napure blind-box plush collectible for qualifying purchases.

## SUSTAINABILITY STATEMENT (cont'd)

### Customer Engagement and Accessibility (continued)

These initiatives supported our efforts to engage retail customers and strengthen brand visibility. The campaign also provided an opportunity to promote awareness of sleep quality and the role our bedding products in supporting overall well-being.



LSK 50<sup>th</sup> Anniversary Campaign

### PROTECTING OUR ENVIRONMENT

#### Environmental Performance

At LSK, our commitment to environmental stewardship is integrated into the core of our operations as we actively seek to minimise our ecological footprint. This dedication is formally governed by our Environmental Policy, which is managed by the Group's Safety and Health Department and reviewed periodically. Our foundational approach is built upon strict compliance with all applicable environmental regulations and permits, while simultaneously implementing advanced resource and energy management practices. We place a strong emphasis on the circular economy by reducing waste generation and enhancing our recycling and recovery efforts. Furthermore, we manage our water usage and industrial effluents with a high degree of responsibility, maintaining constant oversight of our emissions to drive a culture of continuous improvement.

As we look toward the future, the Group remains focused on refining our operational efficiency through precise data monitoring and technological investment. We will continue to track our gas usage and associated emissions specifically within our latex and mattress manufacturing processes, ensuring that our thermal energy requirements are met with increasing efficiency. By monitoring electricity consumption at both the divisional and facility levels, we can identify opportunities to further optimise our machine performance and production schedules. Central to our long-term decarbonisation strategy is the ongoing exploration of our renewable energy capacity, where we aim to expand our solar PV installations and investigate other sustainable power options to further decouple our growth from grid dependency.

#### Emissions Management

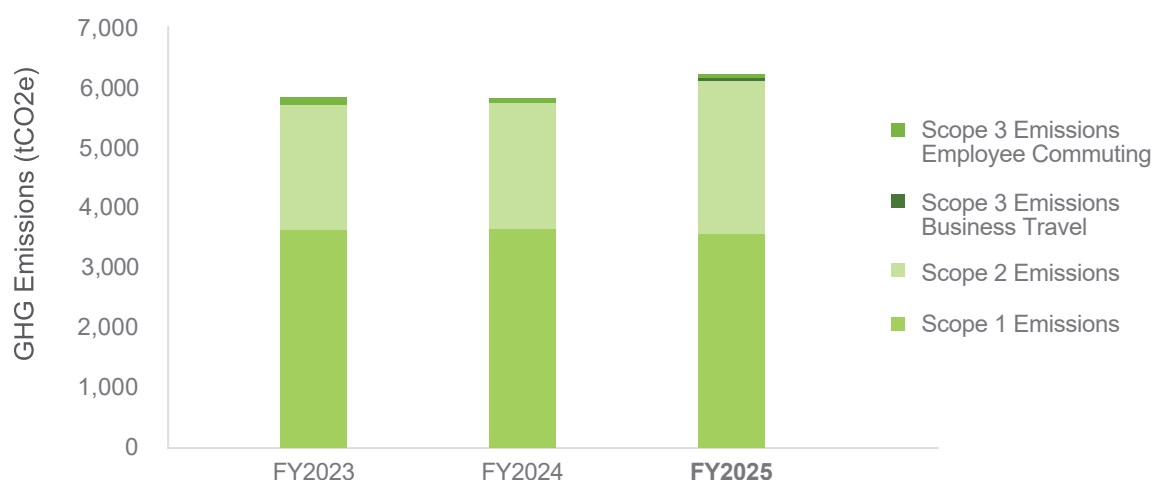
Our decarbonisation journey since the FY 2023 baseline reveals a successful reduction in direct environmental impact, with Scope 1 emissions decreasing by 131.5 tonnes of CO<sub>2</sub> equivalent ("tCO<sub>2</sub>e") in FY 2025. This progress is largely due to a disciplined shift in logistics and fuel management, particularly the decline in petrol and diesel consumption across our divisions. These encouraging trends will spur us further to modernise our fleet and decouple our core operations from a heavy reliance on fossil fuels. While our direct carbon footprint has shrunk, our Scope 2 emissions have trended upwards to 2,615.4 tCO<sub>2</sub>e as of FY 2025, suggesting that our growing production volume is outpacing our current solar offset capacity. This shift in our energy mix reflects the complex reality of scaling a business while managing grid dependency. For our stakeholders, the narrative is clear: we have successfully reduced our most carbon-intensive direct fuels and are now pivoting our focus toward enhancing our renewable energy infrastructure to address indirect power needs.

## SUSTAINABILITY STATEMENT (cont'd)

### Emissions Management (continued)

GHG Emissions Performance	Unit	FY 2023	FY 2024	FY 2025
Scope 1 Emissions	tCO <sub>2</sub> e	3,624.8	3,674.9	<b>3,513.1</b>
Scope 2 Emissions	tCO <sub>2</sub> e	2,159.7	2,108.2	<b>2,647.7</b>
Scope 3 Emissions – Business Travel	tCO <sub>2</sub> e	4.8	5.5	<b>6.0</b>
Scope 3 Emissions – Employee Commuting	tCO <sub>2</sub> e	59.6	63.4	<b>59.5</b>
Total Carbon footprint	tCO <sub>2</sub> e	5,848.9	5,852.0	<b>6,226.3</b>

GHG Emissions Profile at LSK



Note: tCO<sub>2</sub>e: tonnes of carbon dioxide equivalent. Detailed breakdown of each Scope of GHG emissions is outlined in the following subsections. All GHG emissions are reported on a gross basis, with solar offsets disclosed separately; no purchased carbon offsets are used.

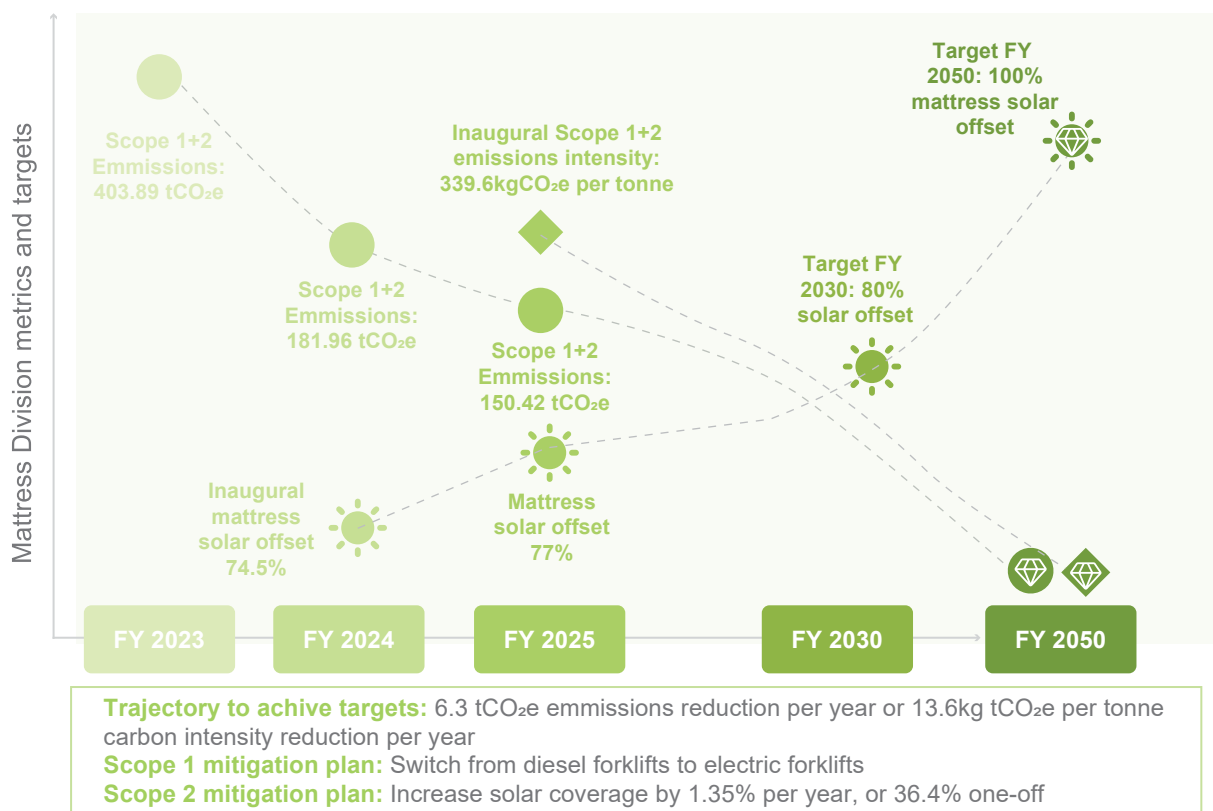
### GHG Metrics, Targets and Mattress Division Decarbonisation Plan

In FY 2025, we have made measurable progress toward our GHG emissions reduction goals, by establishing our inaugural decarbonisation roadmap, marking the first year that we have formally defined long-term targets and specific mitigation plans for our operations. This framework provides a clear trajectory for our Mattress Division to reach net zero carbon emissions for combined Scope 1 and Scope 2 by the year 2050. Our current progress remains on track, as we recorded 150.4 tonnes of carbon dioxide equivalent in FY 2025. This represents a strong downward trend from our baseline, effectively reducing the annual emissions savings required to meet our long-term goal.

To drive these reductions, we have identified two primary mitigation strategies. For Scope 1, we are transitioning from diesel-powered forklifts to electric alternatives, while our Scope 2 plan focuses on increasing our solar coverage by 1.35% annually. These targeted actions demonstrate a proactive approach to addressing the specific emission drivers within our manufacturing process.

## SUSTAINABILITY STATEMENT (cont'd)

### Emissions Management (continued)



### Decarbonisation plan for Mattress Division to achieve zero combined Scope 1 and Scope 2 emissions by FY 2050 and 80% mattress solar offset by FY 2030

Metric	Division	Baseline year	Target (timeline)	FY 2025 progress
Carbon emissions – Scopes 1 & 2 emissions (tCO <sub>2</sub> e)	Mattress	FYE 2023	Zero (by 2050)	150.4
Carbon emissions intensity –Scopes 1 & 2 (kgCO <sub>2</sub> e per tonne per year)	Mattress	FYE 2025	Zero (by 2030)	339.6
Mattress Division Scope 2 emissions offset by solar (%)	Mattress	FYE 2024	80% (by 2030)	77.0
Carbon emissions intensity – Scopes 1 & 2 (kgCO <sub>2</sub> e per tonne per year)	Latex	FYE 2025	800 (by 2030)	957.9

Note: The divisional carbon emissions intensities for FYE 2025 are calculated by dividing the sum of Scope 1 and Scope 2 emissions by the production output values of 5,294.3 metric tonnes of latex raw material for the Latex Division, and 443 metric tonnes of mattress raw material used by the Mattress Division.

## SUSTAINABILITY STATEMENT (cont'd)

### Emissions Management (continued)

Our decarbonisation plan also introduced intensity-based targets for the year 2030 to ensure we manage our carbon footprint alongside our production growth. For the Latex Division, we have set a target of 800.0 kg of carbon dioxide equivalent per tonne, with current progress at 957.9 kg per tonne. While this is currently our widest performance gap, the 2030 horizon allows sufficient time for our process optimisation and thermal efficiency initiatives to bridge the remaining gap. In the Mattress Division, we aim for an intensity of zero kgCO<sub>2</sub>e per tonne and have made excellent progress, currently standing at 339.6. Additionally, we have set a 2030 target to offset 80 percent of our total Scope 2 emissions through solar energy. Having already reached a 14.5 percent offset in FY 2025, we are mathematically on track to hit this target ahead of schedule. By formalising these goals, we provide our stakeholders with a transparent baseline to evaluate our transition toward a low-carbon future.

### Scope 1 Emissions – Direct Fuel Use

In FY 2025, LSK achieved a significant milestone by reducing total Scope 1 emissions to 3,513.1 tonnes of carbon dioxide equivalent, continuing a steady downward trend from 3,624.8 tonnes of carbon dioxide equivalent in FY 2023. The most impactful driver of this progress was the substantial reduction in diesel consumption across all divisions of the Group, which fell to 201,540 litres in FY 2025 from 384,830 litres in FY 2023, as a result of focused operational shifts across our divisions.

Fuel Consumption by Division	Latex Division		Mattress Division	Retail Division	
	Gas (m3)	Diesel (L)	Diesel (L)	Petrol (L)	Diesel (L)
<b>FY 2025</b>	<b>1,418,249</b>	<b>67,000</b>	<b>6,000</b>	<b>5,938</b>	<b>128,540</b>
FY 2024	1,440,979	98,000	11,600	8,430	132,690
FY 2023	1,244,838	198,310	65,540	0	120,980

Scope 1 Emissions (tCO <sub>2</sub> e)	Latex Division	Mattress Division	Retail Division	Total
<b>FY 2025</b>	<b>3,141.1</b>	<b>16.0</b>	<b>356.0</b>	<b>3,513.1</b>
FY 2024	3,271.1	30.9	372.9	3,674.9
FY 2023	3,128.4	174.4	322.0	3,624.8

Our Latex Division primarily uses natural gas to power boilers and furnaces, while forklifts across both manufacturing divisions traditionally rely on diesel. A key highlight of our FY 2025 performance was the strategic decision to cease using diesel for gensets in February 2025 and for boilers in June 2025 at the Latex Division. This initiative was instrumental in lowering the division's diesel usage from 198,310 litres in FY 2023 to 67,000 litres in FY 2025.

Additionally, our Mattress Division achieved a remarkable reduction in diesel consumption, dropping from 65,540 litres in FY 2023 to just 6,000 litres in FY 2025 as we began implementing our Scope 1 mitigation plan to transition from diesel to electric forklifts.

Our Retail Division's delivery fleet uses a combination of diesel and petrol for logistical support. We have observed a consistent effort to streamline retail logistics, with petrol usage recorded at 5,938 litres in FY 2025. This focus on precise energy monitoring and the adoption of cleaner operational practices underscores our commitment to building a more resilient and sustainable business model.

Note: L: litres. tCO<sub>2</sub>e: tonnes of carbon dioxide equivalent. Emissions factors used for calculating Scope 1 emissions are 2.08906 kgCO<sub>2</sub>e per m3 for natural gas (100% mineral content), 2.66155 kgCO<sub>2</sub>e per L for diesel, and 2.33984 kgCO<sub>2</sub>e per L for petrol combustion. Source: United Kingdom Department of Security and Net Zero (UK DEFRA) published factors (2025).

## SUSTAINABILITY STATEMENT (cont'd)

### Emissions Management (continued)

#### Scope 2 Emissions – Purchased Electricity

Scope 2 emissions represent indirect GHG emissions arising from the consumption of purchased electricity across our operating sites (see “Energy Management” section for details on consumption). Our combined total Scope 2 emissions of is higher compared to FY 2024 due to the significant production scale up at our Latex Division.

During FY 2025, we introduced several energy saving measures at the Latex Division, including enhanced ventilation, improved heat insulation, and the installation of additional fans. These initiatives are intended to support long-term improvements in electricity consumption related to cooling demand.

Scope 2 Emissions (tCO <sub>2</sub> e)	Latex Division	Mattress Division	Retail Division	Total
FY 2025	1,930.4	134.5	582.8	2,647.7
FY 2024	1,382.8	151.1	574.8	2,108.7
FY 2023	1,301.5	229.5	628.5	2,159.5

Note: tCO<sub>2</sub>e: tonnes of carbon dioxide equivalent. Grid emission factor used for calculating Scope 2 emissions is the latest available published value of 0.740 kg CO<sub>2</sub> per kWh. Source: Energy Commission of Malaysia (2024).

#### Scope 3 Emissions – Selected Categories

During FY 2025, we reported Scope 3 GHG emissions for selected relevant categories, namely Scope 3.6 Business Travel and Scope 3.7 Employee Commuting. Emissions from business travel amounted to 6.0 tonnes of carbon dioxide equivalent, while employee commuting contributed 59.5 tonnes of carbon dioxide equivalent, resulting in a combined Scope 3 total of 65.5 tonnes of carbon dioxide equivalent. This represents a marginal decrease compared to FY 2024, reflecting our continued efforts to manage and reduce indirect emissions where feasible.

We remain committed to enhancing the transparency and completeness of our GHG inventory. In line with this commitment, we will continue to monitor these categories and are planning to progressively expand our Scope 3 reporting to include additional relevant categories in future disclosures.

Year	Business Travel Emissions (tCO <sub>2</sub> e)	Employee Commuting Emissions (tCO <sub>2</sub> e)	Total Scope 3 Emissions (tCO <sub>2</sub> e)
FY 2025	6.0	59.5	65.5
FY 2024	5.5	63.4	68.9
FY 2023	4.7	59.6	64.3

Note: tCO<sub>2</sub>e: tonnes of carbon dioxide equivalent. Scope 3 emissions for Business Travel is calculated using International Civil Aviation Organization (ICAO) Carbon Emissions Calculator 2025 and UK DEFRA published emission factor of 2.3398 kg of carbon dioxide equivalent per litre of petrol combustion in cars.

### Energy Management

We recognise that energy management is a cornerstone of our operational resilience and a primary material topic for our sustainability journey. Given the energy intensive nature of our manufacturing processes, we have adopted a proactive stance that focuses on deep process optimisation and a strategic transition toward renewable energy

In FY 2025, our **Latex Division** saw an increase in electricity consumption to 2,608,695 kWh, up from 1,868,634 kWh in FY 2024. This trend is directly linked to a significant scale up in production output and higher equipment utilisation rates to meet growing market demand for our organic latex sheets. In response to this trend, we have already begun implementing **energy saving measures** such as enhancing ventilation, improving heat insulation, and installing additional fans to reduce cooling demand in the division. Furthermore, we are also actively exploring options to **upgrade our existing machinery** as we continue to expand.

## SUSTAINABILITY STATEMENT (cont'd)

### Energy Management (continued)

Energy Management	Division	FY 2023	FY 2024	FY 2025
Electricity consumption (kWh)	Latex	1,758,807	1,868,634	<b>2,608,695</b>
Electricity consumption (kWh)	Mattress	310,078	204,176	<b>181,698</b>
Electricity consumption (kWh)	Retail	849,373	776,712	<b>787,588</b>
<b>Total electricity consumption (kWh)</b>	All	2,918,558	3,445,845	<b>4,184,734</b>
Solar panel output (kWh)	Mattress	Not implemented	596,863	<b>606,753</b>
Overall solar offset %	All	Not implemented	17.3%	<b>14.5%</b>
Mattress solar offset%	Mattress	Not implemented	74.5%	<b>77%</b>

Note: Electricity consumption is regarded as purchased electricity only. kWh: kilowatt hours. Solar offset % is calculated by dividing the yearly solar panel output by the yearly total electricity consumption multiplied by 100%.

Conversely, our Mattress and Retail Divisions achieved notable reductions in energy use through disciplined operational improvements. Electricity consumption in the Mattress Division fell to 181,698 kWh in FY 2025, supported by the optimisation of production schedules. In our Retail Division, consumption increased marginally from 776,712 kWh to 787,588 kWh as we tracked one additional outlet. These results demonstrate our ability to maintain high service standards while lowering our overall energy footprint.

Solar energy remains the flagship of our decarbonisation strategy. In FY 2025, our solar panel output reached 606,753 kWh, up from 596,863 kWh in the previous year. While our Group-wide solar offset percentage decreased slightly to 14.5% due to the surge in total electricity consumption from production growth, we remain on track in our renewable energy roadmap. We are actively planning to increase the density and coverage of our rooftop solar installations to strengthen our self-sufficiency. Our long-term vision is clear as we aim to offset 100% of our mattress Scope 2 emissions through solar power by the year 2050, ensuring that LSK's growth is increasingly powered by renewable energy.

### Governance of Climate-related Risks and Opportunities

Recognising that climate change presents both transition risks and physical challenges to our business model, we have formalised a governance structure that integrates climate considerations into our core decision-making processes. By embedding climate responsibility across every level of the Group, we ensure that our environmental targets are met with the necessary capital allocation and operational discipline.

The governance of climate-related matters at LSK is aligned with the Group's policy as described in the section of "Sustainability Governance":

- The **Board of Directors** provides oversight of climate-related strategy, targets and risk management.
- Divisional **Sustainability Committees** incorporate climate risks into operational planning and capital expenditure decisions.
- **Divisional Working Level Teams** coordinate climate-related data collection and reporting, including GHG emissions, waste metrics, and energy use.

Furthermore, the **Audit Committee** independently reviews the integrity of climate-related data and evaluate the effectiveness of sustainability controls.

### Climate-related Risks and Opportunities

LSK recognises both transition and physical climate risks as material to our latex and mattress manufacturing and retail operations. Transition risks stem from evolving global regulatory frameworks, including carbon pricing mechanisms and traceability requirements such as the EU Deforestation Regulation (EUDR). At the same time, these developments present strategic opportunities, as market demand increasingly favours biodegradable, low-carbon natural latex products, an area where the Group is well positioned given our established focus on sustainable raw materials.

From a physical risk perspective, flooding in the Klang region represents the most significant acute threat to operations and logistics. Over the longer term, rising temperatures and heat stress in rubber-producing regions may adversely affect latex yields, leading to supply constraints and increased raw material costs, while also impacting worker welfare and productivity.

## SUSTAINABILITY STATEMENT (cont'd)

### Climate-related Risks and Opportunities (continued)

Category	Key Factors	Implications for LSK
<b>Transition Risks</b>	Tighter emissions and energy efficiency regulations; carbon pricing mechanisms; shifting customer preferences towards low-carbon products	Potential increase in compliance and operating costs, alongside the need to adapt product offerings and processes
<b>Physical Risks</b>	Flood risk affecting facilities and logistics; heat stress impacting workforce and latex supply	Operational disruptions, supply chain instability, and potential productivity impacts
<b>Opportunities</b>	Growing demand for certified sustainable and low-carbon products; adoption of energy-efficient technologies and renewable energy; waste reduction and circularity initiatives	Revenue growth from sustainable products, improved operational efficiency, and cost savings over time

### Climate Strategy

#### **Business Strategies**

We shape our climate strategy around the understanding that long-term resilience depends on how effectively we reduce our environmental footprint while strengthening the competitiveness of our products and operations. To support this direction, we embed climate considerations into our day-to-day decision-making and longer-term operational planning.

A central focus of our business strategy is lowering the carbon intensity of our manufacturing activities. We continue to improve energy efficiency by upgrading equipment, optimising production processes and enhancing ventilation, insulation and thermal management across our facilities. Solar photovoltaic systems within the Mattress Division form a key pillar of our decarbonisation approach. As we expand rooftop solar capacity, we reduce our dependency on grid electricity and lower exposure to energy-related operational risks.

Circularity also plays an important role in our climate response. We maintain a strong practice of repurposing latex foams scraps into rebound foam, which helps reduce waste sent to landfill and supports more resource-efficient production. Our collaboration with CUCKOO Malaysia further strengthens circular outcomes through the rental-subscription model for mattresses, which promotes take-back pathways and extends product life cycles. As consumer expectations evolve, we see increasing opportunities to scale circular business models and develop new products aligned with low-VOC, natural and organic material preferences.

Responsible sourcing is another pillar of our strategy. We continue to work closely with natural-rubber suppliers to strengthen traceability, maintain compliance with environmental and labour standards, and monitor climate-related yield variability. Through diversified sourcing arrangements, we aim to reduce the risk of supply disruptions arising from environmental or regulatory changes in upstream regions.

We also recognise the need to adapt our operations to physical climate impacts. In the Klang region, where several of our facilities are located, we have upgraded drainage systems, installed flood-mitigation barriers and raised electrical infrastructure to protect against severe rainfall and flood events. We are progressively adopting automation to reduce exposure to heat-related productivity challenges and to support worker safety in a warming climate.

Product innovation is integrated into our climate strategy as well. Our natural, low-VOC and certified ranges, including Napure® Green Tech and Pureganic Zen, reflect our commitment to combining durability, material purity and environmental responsibility. As global preferences shift toward healthier and more sustainable bedding solutions, these product lines reinforce our competitive positioning.

## SUSTAINABILITY STATEMENT (cont'd)

### Climate Strategy (continued)

#### Financial planning

Our financial planning incorporates climate considerations to ensure that capital allocation, cost management and investment cycles support our long-term resilience. As we transition toward lower-carbon operations, we continue to invest in equipment upgrades, solar infrastructure, process automation and building-services improvements that reduce emissions and strengthen operational efficiency over time.

We monitor how climate-related developments may influence our cost structure, including changes in raw-material pricing, energy expenses, insurance premiums and regulatory-driven compliance requirements. These insights shape our budgeting priorities and allow us to anticipate financial pressures that may arise under different climate conditions.

We also evaluate how climate-related risks such as supply-chain disruptions, extreme weather events and raw-material volatility could affect capital needs for resilience measures. Our investments in flood protection, cooling systems, ventilation upgrades and diversified material sourcing help reduce the likelihood of unexpected operational and financial shocks.

At the same time, our financial planning incorporates opportunities presented by shifting consumer preferences. As demand grows for natural, organic and low-emission bedding products, we prioritise research, development and product-innovation investments that support long-term revenue growth. Circular business models, including subscription-based offerings and product take-back systems, create new pathways for value creation and cost stability through improved material efficiency.

Looking ahead, we will continue to integrate climate-related insights into our financial models, capital planning and resource allocation decisions. This approach ensures that we remain financially prepared for a more variable operating environment while continuing to invest in capabilities that enhance resilience and support sustainable growth.

#### Scenario Analysis and Climate Resilience

We conduct climate-related scenario analysis to understand how different global climate pathways may influence our strategic direction, operational continuity and long-term resilience. This analysis allows us to explore how transition-driven and physical climate risks may evolve over time, and how our existing capabilities and controls support us in managing these changes.

We apply this assessment across three planning horizons that mirror our internal decision-making cycle. In the **short term**, covering one to three years, our focus is on operational considerations such as energy and fuel-price exposure, early regulatory developments, insurance requirements and immediate climate-related disruptions. Over the **medium term**, which spans three to ten years, we evaluate the stability of our supply chain, the scale of investment required for renewable-energy adoption, the resilience of production systems and the evolution of market expectations for sustainable products. In the **long term**, beyond ten years, we consider structural shifts including raw-material availability, the maturation of circular-economy solutions, infrastructure resilience and advances in low-carbon manufacturing technologies.

Under an **Accelerated Transition Scenario**, we anticipate a global environment where climate action strengthens significantly. Carbon-related policies become more stringent, renewable-energy deployment increases rapidly and supply-chain traceability expectations expand. Consumers place greater emphasis on low-emission, certified and naturally derived bedding materials. Operating under these conditions may require us to manage higher compliance obligations and to increase investment in energy-efficient machinery, cleaner production processes and more sustainable logistics. However, our long-standing commitment to high-quality natural latex, our suite of recognised certifications and our emphasis on material stewardship position us to benefit from rising demand. As preferences shift toward healthier and low-impact bedding products, our natural and organic latex ranges gain additional relevance. Our continued expansion of rooftop solar capacity also helps reduce long-term exposure to electricity-price fluctuations and carbon-related cost pressures.

In a **Delayed Transition and High Physical Risk Scenario**, global decarbonisation progresses more slowly while the physical consequences of climate change intensify. We anticipate a higher likelihood of severe flood events in the Klang region, where some of our key facilities are located. Such events could disrupt operations, affect infrastructure and delay logistics. Warmer and more variable temperatures increase heat-stress exposure for workers, placing greater demand on cooling and ventilation systems. We also expect greater variability in natural-rubber yields due to shifting weather patterns, which may lead to supply constraints and raw-material price volatility. These pressures could raise operating costs and require increased investment in resilience measures, including flood-protection systems, improved fire-suppression infrastructure, buffer-stock strategies and strengthened business-continuity controls. We have already adopted several measures that support resilience, such as elevated electrical systems, flood-mitigation installations, diversified latex sourcing and progressive automation. Meanwhile, rising temperatures may reinforce demand for breathable, natural-latex mattresses, supporting continued relevance for our products.

## SUSTAINABILITY STATEMENT (cont'd)

### Scenario Analysis and Climate Resilience (continued)

Across both scenarios, we observe meaningful implications for our cost structure, investment priorities and market opportunities. Energy-efficiency upgrades, resilience projects, supply-chain assurance and insurance adjustments may increase operating costs. At the same time, the growing appeal of natural, organic and low-emission bedding products provides opportunities to strengthen our product differentiation and expand our presence in markets that value sustainability and material transparency. Our practices in resource efficiency, latex-scrap repurposing and responsible sourcing further support our resilience under both favourable and challenging climate trajectories.

Looking ahead, we aim to enhance the sophistication of our scenario analysis by incorporating more detailed financial sensitivities, such as the potential impact of supply interruptions, raw-material price fluctuations, regulatory shifts and capital-investment needs. We also plan to deepen our assessment of climate vulnerabilities across our upstream suppliers, integrate scenario-driven insights into our business-continuity planning and strengthen the underlying data used to model future climate conditions. These efforts will help the Group to plan more effectively for long-term uncertainty and maintain operational resilience in an increasingly variable environment.

### Climate Risk Management

Climate-related risks are incorporated into the Group's enterprise risk management ("ERM") processes, monitored by the Audit Committee and reported periodically to the Board of Directors. LSK mitigates physical risks through upgraded engineering controls, including raised electrical infrastructure, industrial flood barriers, and comprehensive all-risk insurance with flood and business-interruption coverage, supported by business-continuity plans for emergency readiness.

Supply-chain exposure is reduced through diversified latex procurement across Malaysia and Thailand, and through emerging EUDR-aligned traceability initiatives anchored in GOLS-supported sourcing. Climate-linked financial volatility, such as currency fluctuation, is managed via natural hedging and forward contracts. Additionally, increased fire risk due to rising temperatures is mitigated through upgraded fire-suppression systems and operational protocols.

LSK continues investing in automation to reduce vulnerability to labour constraints, particularly those exacerbated by heat stress and climate-related productivity challenges.

Risk Category	Specific Risk	Impact Context	Mitigation measures
Physical	Flooding	Business premises are on flat lands; certain lower altitude areas may be prone to floods.	<ul style="list-style-type: none"> <li>Raising electrical infrastructure</li> <li>All-risk insurance with coverage on flooding and business interruption</li> </ul>
Operational	Fire	Latex and foam are highly flammable; drier climate conditions increase ignition risk.	<ul style="list-style-type: none"> <li>Installation of advanced sprinkler systems and hydrants compliant with Fire Services Act 1988</li> <li>Strict No Open Burning policy and dedicated Fire Safety Organisation teams</li> </ul>
Operational	Heat stress	Heat stress makes manufacturing work harder, reducing raw material availability and may lead to labour shortages.	<ul style="list-style-type: none"> <li>Maintaining heat-reflecting insulation under zinc roofs</li> <li>Providing mandatory hydration breaks for workers</li> <li>Investing in more automatic packing machines to reduce dependency on manual labour</li> </ul>
Supply Chain	Raw material volatility	44% increase in latex prices in FY2023 due to weather/disease.	<ul style="list-style-type: none"> <li>Adjusting product pricing dynamically</li> <li>Maintaining buffer stocks of latex concentrate during low-price periods</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### Water Stewardship

At LSK, we view water as a vital natural resource that requires diligent stewardship. Our commitment to responsible water management is especially critical in our **Latex Division** where water serves as a core production input. Beyond manufacturing, we monitor water use across all production facilities and retail outlets to maintain a comprehensive view of our operational footprint. By tracking consumption monthly, we can identify abnormal patterns or potential leaks early, ensuring that our resources are utilised as efficiently as possible.

In FY 2025, we strengthened our water management framework by enhancing internal data collection and monitoring processes to improve the accuracy and consistency of water consumption reporting. As part of this effort, we are reporting **water consumption intensity for the first time**, alongside absolute volumes. While our absolute water consumption rose by 47.5 percent in FY 2025 compared to the previous year, this increase was driven by a substantial surge in the production output of latex sheets. This establishes a clear baseline to facilitate future target setting and performance evaluation.

Water Stewardship Performance	FY 2023	FY 2024	FY 2025
Total Water Consumed at Latex Division (m3)	15,532	15,485	<b>22,906</b>
Water Consumption Intensity (m3 per tonne)			<b>4.33</b>

Note: Water consumption intensity in FY 2025 is determined by the volume of water consumed divided by the production output of the Latex Division (principal user), which is 5294.3 tonnes of latex raw material usage.

### Waste Management and Circularity

We view waste management not just as a regulatory obligation but as a fundamental pillar of our resource stewardship. At LSK, we recognise that the way we handle materials directly impacts our environmental footprint and long-term operational efficiency. Our approach is grounded in transparency and the circular economy where we prioritise the reduction and reuse of materials before considering disposal. We operate in strict compliance with the Environmental Quality Act 1974 and all related Department of Environment regulations, which ensure that all scheduled waste is managed and stored by licensed contractors, while our manufacturing effluent is treated to meet stringent discharge standards.

In our **Latex Division**, a significant reduction was observed due to the result of a comprehensive chemical stock check conducted in FY 2023, which led to the one-off disposal of 286.22 tonnes of off spec chemicals identified as SW 429 through incineration. Since resolving this inventory matter, we have successfully eliminated the need for incineration in our daily operations. Currently, the waste generated in this division consists almost entirely of effluent treatment sludge known as SW 204 which is sent to landfills. However, we are actively transitioning to a new waste collector capable of converting this metal hydroxide sludge into fertiliser and soil conditioner. We anticipate that this initiative will result in a substantial reduction of our landfilled waste in the upcoming reporting period.

**The Mattress Division remains the primary driver of our circular economy initiatives** where we focus on repurposing our latex foam scraps side stream into high density rebound foams. In FY 2025, we successfully reused or repurposed 612.58 tonnes of waste, representing most of the total waste generated by the division. While our recycled waste volumes have decreased from 513.00 tonnes in FY 2023 to 117.60 tonnes in FY 2025, this is indicative of a return to normal operational levels after a one-off warehouse clearing event in 2023.

Latex foam scraps and wastepaper carton packaging generated at the manufacturing facilities



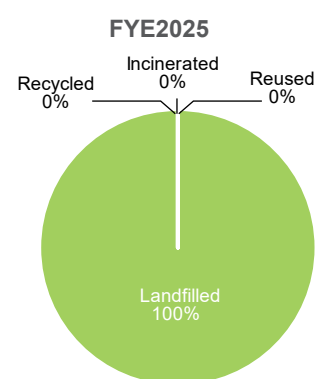
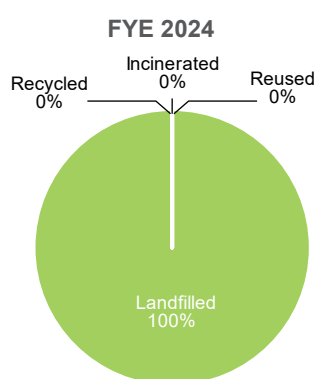
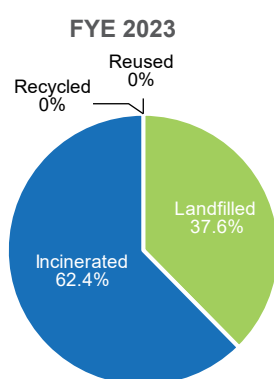
Latex foam scraps and wastepaper carton packaging generated at the manufacturing facilities

## SUSTAINABILITY STATEMENT (cont'd)

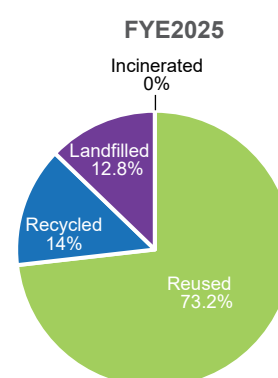
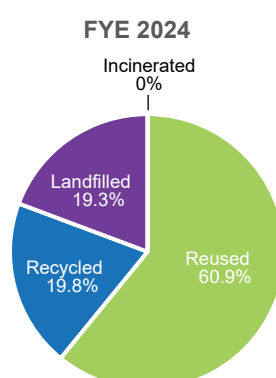
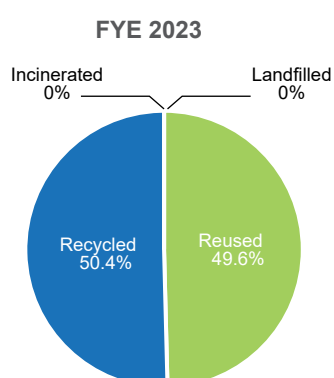
## Waste Management and Circularity (continued)

Across the Group, total waste generated in FY 2025 stood at 965.79 tonnes, which is a significant reduction compared to previous years. We are pleased to report that the total amount of waste generated is decreasing even as we refine our methods for tracking production output. By shifting away from disposal methods like incineration and landfilling toward reuse and recycling, we are creating sustainable value for our stakeholders.

Waste Management	Latex Division (tonnes)			Mattress Division (tonnes)		
	FY 2023	FY 2024	FY 2025	FY 2023	FY 2024	FY 2025
Reused / Repurposed Waste				504.00	666.81	<b>612.58</b>
Recycled Waste				513.00	217.44	<b>117.60</b>
Incinerated Waste	286.22	0	<b>0</b>			
Landfilled Waste	172.64	135.61	<b>128.82</b>	0	211.75	<b>106.79</b>
Total Generated Waste	458.86	135.61	<b>128.82</b>	1,017	1,096	<b>836.97</b>



## Waste Management at Latex Division



## Waste Management at Mattress Division

## Chemical Safety and Product Stewardship – Effluent Management

LSK manages chemical safety and product stewardship through structured controls across the entire product lifecycle, from raw material selection to manufacturing and waste management. We conduct Chemical Health Risk Assessments (“CHRA”) at our Latex Division to evaluate potential health risks associated with chemical use and to identify appropriate control measures to protect employees and the environment. The CHRA is reviewed periodically to ensure it remains aligned with current operations and regulatory requirements. Based on our 2025 CHRA Risk Control Plan, we strengthened workplace controls by enhancing personal protective equipment requirements, improving local exhaust ventilation testing, updating safety data sheets (“SDS”) and warning signage, and establishing spill response procedures and chemical registers. Training programmes and medical surveillance measures are also implemented to support safe chemical handling and minimise exposure risks.

## SUSTAINABILITY STATEMENT (cont'd)

### Chemical Safety and Product Stewardship – Effluent Management (continued)

As part of our product stewardship approach, we apply upstream controls to ensure that chemical inputs used in our products meet applicable safety and environmental standards. Our suppliers provide us with the test reports and certificates, for the chemical adhesives, to prove that our adhesives contain zero formaldehydes. For example, laboratory testing of solvent-based spray adhesives confirmed that 235 substances of very high concern (“SVHC”) under the REACH regulation were not detected or were present at concentrations of  $\leq 0.1\%$  (w/w), indicating low risk to human health and the environment within the tested scope. This verification process supports responsible material selection and helps minimise the potential environmental impact associated with our products.

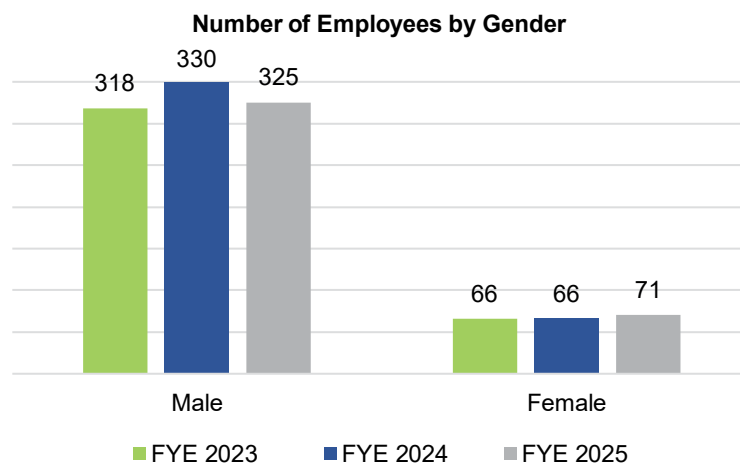
We also implement downstream controls to manage chemical-related environmental risks arising from manufacturing processes. At the Latex Division, wastewater generated from production is tested by accredited third-party laboratories monthly and monitored weekly to ensure compliance with regulatory discharge standards. Key parameters tested include pH, biochemical oxygen demand (“BOD”), chemical oxygen demand (“COD”), zinc, oil and grease, with all results remaining within permissible limits during FY 2025. Air emission control equipment, such as scrubbers, is maintained and replaced annually to ensure effective removal of airborne contaminants. Sludge generated from wastewater treatment is classified as scheduled waste and collected monthly by licensed contractors in accordance with the Environmental Quality Act 1974 and its related regulations.

These measures, supported by controlled chemical storage, handling procedures and spill prevention practices, help reduce environmental and health risks associated with chemical use. In FY 2025, LSK recorded **zero cases of non-compliance** and incurred no penalties from DOE Malaysia. This reflects the effectiveness of our chemical safety and product stewardship practices in supporting regulatory compliance, product safety and responsible environmental management.

### SOCIAL – OUR COMMUNITY

#### Employment and Workforce Profile

LSK recognise employees as critical assets for sustaining manufacturing excellence and customer service. Our workforce overview is displayed below.



Number of Employees by Gender	FY 2023	FY 2024	FY 2025
Male	318	330	<b>325</b>
Female	66	66	<b>71</b>
Total Number of Employees	384	396	<b>396</b>

*Note: Total number of employees of each financial year was determined on the last day of the financial year.*

## SUSTAINABILITY STATEMENT (cont'd)

## Employment and Workforce Profile (continued)

Employee Category by Age Group	Below 30 years old			30-50 years old			Above 50 years old		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Management	5%	5%	<b>5%</b>	80%	80%	<b>84%</b>	15%	15%	<b>11%</b>
Executive	26%	26%	<b>28%</b>	65%	65%	<b>62%</b>	9%	9%	<b>10%</b>
Non-executive	31%	31%	<b>21%</b>	53%	53%	<b>58%</b>	16%	16%	<b>21%</b>
General Workers	43%	43%	<b>43%</b>	55%	55%	<b>55%</b>	2%	2%	<b>2%</b>

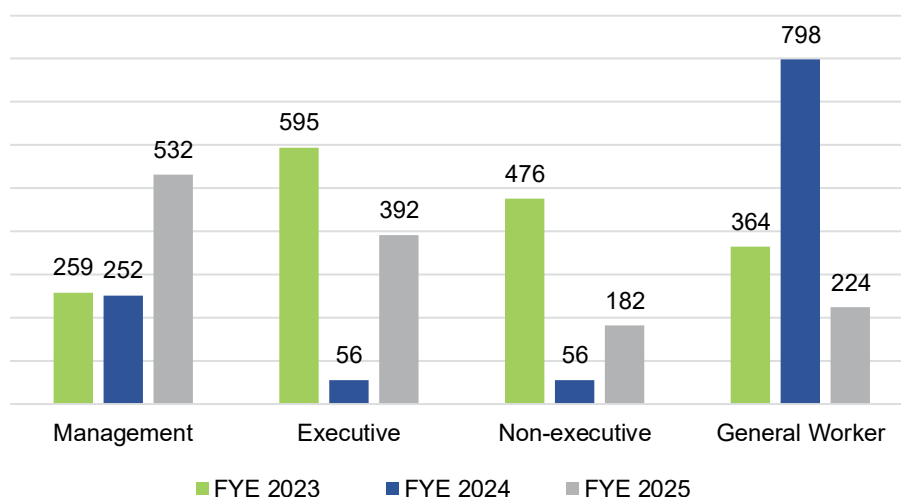
Average Employee Turnover Rate	FY 2023	FY 2024	FY 2025
	13.43%	7.69%	<b>13.42%</b>

Employee Type in FY 2025	Number	Percentage (%)
Permanent Staff	385	97.2
Contract Staff	11	2.8
Temporary Staff	0	0

## Training and Development

During FY 2025, the Group maintained a structured and targeted training approach aligned with its business priorities and human capital strategy. A total of RM 506,966.92 was invested into employee training programmes, with primary emphasis on management and executive development to strengthen strategic execution. Executive and non-executive employees participated in role-specific and compliance-related training, while training for general workers was geared towards skill development of new employees. With a workforce of 396 employees, the training hours delivered in FY 2025 translated to an average of about 3.30 training hours per employee.

## Total Training Hours by Employee Category



Our training approach reflects a deliberate focus on business-critical roles, compared to earlier years where training was more broadly distributed across the workforce.

## SUSTAINABILITY STATEMENT (cont'd)

### Training and Development (continued)

Training Hours	FY 2023	FY 2024	FY 2025
Management	259	252	<b>532</b>
Executive	595	56	<b>392</b>
Non-executive	476	56	<b>182</b>
General Workers	364	798	<b>224</b>
Total Training Hours	1,694	1,162	<b>1,330</b>
Total Training Hours Per Employee	4.41	2.95	<b>3.30</b>

### Occupational Health and Safety (“OHS”)

LSK is committed to providing a safe and healthy working environment, with heightened attention on manufacturing operations where physical risks are greater. The Latex Division operates in full compliance with the Occupational Safety and Health Act 1994, the Factories and Machinery Act 1967, and all relevant Department of Environment (“DOE”) regulations. This commitment is supported by comprehensive Environmental, Safety and Health (“ESH”) policies and procedures, including the application of HIRARC methodology for hazard identification, risk assessment and risk control, as well as formal Chemical Health Risk Assessments to manage chemical-related exposures. Across manufacturing, warehousing and retail activities, standardised safe work procedures guide day-to-day operations to ensure consistent and responsible practices. To further strengthen organisational readiness, we maintain robust emergency preparedness and response plans, regularly conducting fire and evacuation drills to ensure an effective and coordinated response to potential incidents.



LSK has **ZERO** case of reported workplace fatalities and **ZERO** case of Lost Time Injury Rate (LTIR) across three financial years.

Besides maintaining our impeccable record of zero work-related fatalities and zero lost time injury rate (LTIR) across three financial years, we also make sure that all of our high-risk operational employees are trained on health and safety.

OSH Performance	Unit	FY 2023	FY 2024	FY 2025
Work-related fatalities	Number	0	0	<b>0</b>
Lost Time Injury Rate (LTIR)	Rate	0	0	<b>0</b>
Number of employees trained on Health and Safety	Number	53	64	<b>57</b>



First Aid and CPR Training

## SUSTAINABILITY STATEMENT (cont'd)

### Occupational Health and Safety ("OHS") (continued)



Emergency Response Training



Fire Drill



Safety features at the Latex Division

## SUSTAINABILITY STATEMENT (cont'd)

### Human Rights and Labour Practices

LSK upholds fair and responsible labour practices in line with Malaysian labour laws and internal policies. Our Terms and Conditions of Service and Employee Handbook set out clear standards on employment, working hours, leave, benefits and disciplinary procedures, ensuring consistent application across all employees.

In compliance with the Employment Act 1955, employees receive formal employment terms covering working hours, overtime and statutory leave, alongside access to medical benefits, training and study assistance. Remuneration is reviewed annually, with promotions based on merit and performance.

Structured procedures govern workplace conduct, with formal processes in place to address misconduct, as well as clear guidelines for termination, resignation and internal transfers. We also invest in employee development through training and upskilling initiatives, supporting a capable, engaged workforce and reinforcing our commitment to equitable labour practices.



### Diversity, Inclusion and Equal Opportunity

LSK is committed to promoting diversity, inclusion and equal opportunity across its workforce. We recruit and promote employees based on merit, competency and integrity, with annual performance reviews conducted to assess eligibility for bonuses and career progression. We support workforce diversity across gender, age, ethnicity and background at various levels of the organisation.

We provide equal employment opportunities and do not tolerate discrimination or harassment in any form. We employ individuals with disabilities and ensure they are provided with the same opportunities and working conditions as other employees.

### Employee Engagement

A highlight of our social calendar in FY 2025 was the return of large-scale festive celebrations and communal events which served as vital touchpoints for team bonding. We held festive celebrations for Chinese New Year and Christmas which allowed our diverse workforce to bond over shared cultural milestones.

The annual dinner at Wyndham Acmar Hotel also served as a premier event to recognise collective achievements across the Group. By hosting lucky draws with prizes such as hampers and our own natural latex mattresses we directly reward our staff while promoting the sleep wellness that our brand represents. These investments in human capital foster a sense of belonging and pride in our craftsmanship which is essential for maintaining a resilient and productive workforce. For our stakeholders this approach demonstrates that we are not just managing costs but are actively cultivating the social capital required to sustain our competitive advantage in the manufacturing sector.

# SUSTAINABILITY STATEMENT (cont'd)

## Human Rights and Labour Practices (continued)



Chinese New Year Celebration



Christmas Celebration

## SUSTAINABILITY STATEMENT (cont'd)

## Human Rights and Labour Practices (continued)



Annual Dinner in conjunction with Golden Jubilee 2025

## Community Engagement

LSK provides support to selected charities and non-governmental organisations as part of its corporate social responsibility ("CSR") efforts. In FY 2025, the Group organised a one-day volunteering visit to *Persatuan Sri Baba* Old Folks Home, with 18 employees participating. During the visit, our employees contributed essential food and daily necessities, and we donated mattresses from our product line to support the residents' basic needs.

We remain committed to contributing to the local communities through appropriate and responsible initiatives.

Community Engagement	Unit	FY 2023	FY 2024	FY 2025
Total Community Investment	RM	2,000	34,200	<b>2,000</b>
Number of beneficiaries	Number	30	33	<b>30</b>

## SUSTAINABILITY STATEMENT (cont'd)

## Community Engagement (continued)



One-Day Volunteering Event at Persatuan Sri Baba's Old Folks Home

## Conclusion

As we conclude our reporting for FY 2025, we remain dedicated to the path of responsible growth and transparent disclosure. This year has been defined by the sharpening of our data insights, allowing us to manage our environmental and social impacts with greater precision. By focusing on energy efficiency, the expansion of our renewable energy footprint, and better emissions monitoring, we are building a more resilient foundation for the future.

Through these efforts, we ensure that product quality and safety remain at the core of our value proposition, backed by the international benchmarks trusted by our customers. While we recognise that our journey toward long-term sustainability is ongoing, the progress made this year reinforces our commitment to creating lasting value for our stakeholders and the communities we serve.

## Restatements

We have restated the following quantitative information due to the improvements in the data collection for:

- Scope 1 Emissions and Petrol Usage and Emission for the year 2024
- Electricity Consumption for the Mattress and Retail Divisions for the years 2023 and 2024
- Scope 2 Emissions for the year 2024 following the 2024 emission factor disclosed by the Energy Commission of Malaysia
- Total Community Investment and Number of Beneficiaries for the year 2024

## SUSTAINABILITY STATEMENT (cont'd)

## Additional Compliance Information

Date & Time: 2026-04-22 10:30:05  
FYE 31/12/2025

LEE SWEE KIAT GROUP BERHAD  
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Emissions Management	Carbon emissions intensity: Latex division	kgCO2e per tonne per year	9579	800.0 (by 2030)	No assurance
Emissions Management	Carbon emissions intensity: Mattress division	kgCO2e per tonne per year	339.6	0 (by 2050)	No assurance
Energy Management	Electricity consumption: Latex division	KWh	2,608,695	-	No assurance
Energy Management	Electricity consumption: Mattress division	KWh	181,698	-	No assurance
Energy Management	Total energy consumption	KWh	3,577,981	-	No assurance
Energy Management	Solar offset percentage at Mattress Division	Percentage	77%	80% (by 2030)	No assurance
Water Management	Total volume of water used	m3	22,906	-	No assurance
Water Management	Water consumption intensity	m3 per tonne	4.33	-	No assurance
Waste Management	Reused waste - Mattress Division	Tonnes	612.58	-	No assurance
Waste Management	Recycled waste - Mattress Division	Tonnes	11760	-	No assurance
Supply Chain Management	Proportion of spending on local suppliers	Percentage	38.8%	-	No assurance
Sourcing of Natural Rubber	Number of supplier evaluations for ESG compliance	Number	30	-	No assurance
Chemical Safety and Product Stewardship	Proportion of chemicals screened for hazard potential	Percentage	100	-	No assurance
Employee Health, Safety and Well-being	Number of work-related fatalities	Number	0	0	No assurance
Employee Health, Safety and Well-being	Lost-time incident rate (LTIR)	Rate	0	0	No assurance

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## SUSTAINABILITY STATEMENT (cont'd)

## Additional Compliance Information (continued)

Date & Time: 2026-04-22 10:30:05  
FYE 31/12/2025

LEE SWEE KIAT GROUP BERHAD  
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Employee Health, Safety and Well-being	Number of employees trained in health and safety standards	Number	57	-	No assurance
Training and Development	Total training hours: Management	Hours	532	-	No assurance
Training and Development	Total training hours: Executive	Hours	392	-	No assurance
Training and Development	Total training hours: Non-Executive	Hours	182	-	No assurance
Training and Development	Total training hours: General Workers	Hours	224	-	No assurance
Labour Practices	Percentage of employees who are contractors or temporary staff	Percentage	2.8%	-	No assurance
Labour Practices	Employee turnover rate	Rate	13.54%	-	No assurance
Labour Practices	Number of substantiated complaints concerning human rights violations	Number	0	0	No assurance
Community Engagement	Total amount invested in the community	RM	2,000	-	No assurance
Community Engagement	Total number of beneficiaries of the investment in communities	Number	30	-	No assurance
Employee Diversity	Male Employees	Percentage	78.5%	-	No assurance
Employee Diversity	Female employees	Percentage	21.5%	-	No assurance
Employee Diversity	Management - Above 50 years old	Percentage	11%	-	No assurance
Employee Diversity	Management - 30 to 50 years old	Percentage	84%	-	No assurance
Employee Diversity	Management - Below 30 years old	Percentage	4%	-	No assurance
Employee Diversity	Executive - Above 50 years old	Percentage	10%	-	No assurance
Employee Diversity	Executive - 30 to 50 years old	Percentage	62%	-	No assurance

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## SUSTAINABILITY STATEMENT (cont'd)

## Additional Compliance Information (continued)

Date & Time: 2026-04-22 10:30:05  
FYE 31/12/2025

LEE SWEE KIAT GROUP BERHAD  
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Employee Diversity	Executive - Below 30 years old	Percentage	28%	-	No assurance
Employee Diversity	Non-executive - Above 50 years old	Percentage	21%	-	No assurance
Employee Diversity	Non-executive - 30 to 50 years old	Percentage	58%	-	No assurance
Employee Diversity	Non-executive - Below 30 years old	Percentage	21%	-	No assurance
Employee Diversity	General workers - Above 50 years old	Percentage	2%	-	No assurance
Employee Diversity	General workers - 30 to 50 years old	Percentage	55%	-	No assurance
Employee Diversity	General workers - Below 30 years old	Percentage	43%	-	No assurance
Employee Diversity	Directors - Male	Percentage	66.67%	-	No assurance
Employee Diversity	Directors - Female	Percentage	33.33%	-	No assurance
Employee Diversity	Directors - Above 50 years old	Percentage	83.33%	-	No assurance
Employee Diversity	Directors - 30 to 50 years old	Percentage	16.67%	-	No assurance
Employee Diversity	Directors - Below 30 years old	Percentage	0%	-	No assurance
Anti-Corruption	Percentage of employees receiving training on anti-corruption	Percentage	100	-	No assurance
Anti-Corruption	Confirmed incidents of corruption and action taken	Number	0	0	No assurance
Anti-Corruption	Percentage of operations assessed for corruption-related risks	Percentage	100	-	No assurance
Data Privacy	Number of substantiated complaints regarding data breach	Number	0	0	No assurance

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## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Lee Swee Kiat Group Berhad (“LSK” or “the Company”) and its subsidiaries (“the Group”) remain fully committed in maintaining good corporate governance practices in accordance with the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board has therefore strived to formulate policies and objectives as a fundamental part of discharging their responsibilities in protecting and enhancing shareholders’ value with the practice of openness and corporate accountabilities.

The Board further acknowledged and applied the principles and best practices embodied in the MCCG in the manner set below.

This corporate governance (“CG”) overview statement report is prepared in compliance with Paragraph 15.25(1) of the MMLR of Bursa Securities and it is to be read together with the Corporate Governance Report 2025 (“CG Report 2025”) of the Company which is available on the Company’s website at [www.lsk.com.my](http://www.lsk.com.my).

This CG overview statement covers the three principles of MCCG, namely:-

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

### Principle A – Board Leadership and Effectiveness

#### Part I: Board Responsibilities

##### (1) The Board

- (1.1) The main responsibility of the Board is to set a strategic direction of the Group with measurable objectives and goals. The Group’s strategic plan is to be one of the leading bedding companies focusing on environmental, social and governance (“ESG”) initiatives.
- (1.2) The Company endeavours to become a responsible corporate citizen by incorporating Corporate Social Responsibilities (“CSR”). The Board embedded Economic, Environment and Social (“EES”) into our corporate mission to ensure sustainability of the Group.

#### Mission Statement of the Group

LSK is a responsible corporate citizen helping people to sleep better by using environmentally friendly natural latex as raw materials, through utilising energy-efficient green technology production methods, in order to minimise carbon footprint to the environment.

- (1.3) The Board strives to incorporate a happy and healthy culture through our core values “EIIIE”, which stands for Effective, Integrity, Improve and Efficient. The Group establishes internal control and risk management controls to uphold integrity and to encourage critical awareness of various risks and issues facing the Group. The Board would formulate innovative solutions to manage the risks and issues identified.
- (1.4) The Board has in place a Management Succession Plan listing out the potential candidates for each and every Board member and Senior Management and will review the plan on an annual basis or when the need arises.
- (1.5) The Board maintains a corporate website at [www.lsk.com.my](http://www.lsk.com.my) for corporate communication. Detail information about the Group, including explanation of corporate background, principal business, portfolio of brands as well as latest announcement of the Groups are published on the website. Besides, the corporate website also contains the Board Charter, Terms of Reference of the Board Committees including Audit Committee (“AC”) and Nomination and Remuneration Committee (“NRC”) as well as policies of the Group. The Management welcomes interviews from business press as well as research house for further analysis and exposure on the Group’s profile.
- (1.6) The Board strives to maintain high standard of compliance on disclosure of financial and non-financial reporting with relevant standards and authorities. Management focuses on core business and keep the Group’s financial accounting simple and easy to understand. The Group avoids derivatives and businesses that require complex accountings and valuations that make understanding the financial reports difficult.
- (1.7) The Board seeks to have a clear division of responsibilities between running the Board and the Group’s operational business. The positions of Chairman and Managing Director are separated and their roles and responsibilities are clearly defined in the Company’s Board Charter.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Principle A – Board Leadership and Effectiveness (continued)

## Part I: Board Responsibilities (continued)

## (1) The Board (continued)

- (1.8) The Chairman of the Board, Mr. Lee Ah Bah @ Lee Swee Kiat (“Mr. Lee”), is not a member of the AC and NRC (“Board Committees”) of the Company since the date of his appointment to the Board on 3 February 2004. Further, Mr. Lee had not been invited to participate in the meeting and deliberation of the Board Committees to ensure there is check and balance as well as objective review by the Board.
- (1.9) All Board members are expected to commit their time in proper discharging of their duties by attending at least 50% of meetings conducted by the Company. All Directors do not hold more than 5 directorships in listed companies as required under Paragraph 15.06 of the MMLR.
- (1.10) The Board was supported by qualified and competent Company Secretary pursuant to Section 235(2) of the Companies Act 2016 as he is a member of the Malaysian Institute of Accountants. All Directors have access to the advice and services of the Company Secretary. The Company Secretary plays important advisory role by providing sound governance advice and advocate adoption of CG best practices. In order to contribute and function effectively, the Company Secretary keeps himself abreast of relevant corporate governance and regulatory requirements by undertaking continuous professional development.

## (1.11) Meetings

The Board endeavours to meet at least five (5) times a year, with additional meetings to be convened when necessary. The annual meeting calendar was prepared and distributed to all Directors at the beginning of the financial year.

The Company practices timely dissemination of all relevant Board Papers with at least five (5) business days prior to the Board meetings. The dissemination includes both electronic copy or hard copy as needed for ease of reference for all Board members. The external Company Secretary is required to be present to ensure smooth conduct of meetings in accordance with the relevant regulations in effect. Minutes are taken by the external Company Secretary and are circulated in a timely manner to all Board members. The Board ensures that the Minutes accurately reflect the deliberations and decisions of the Board, including dissenting views and Directors’ abstention from deliberations and decisions on a particular manner.

Five (5) Board meetings were held during the financial year ended 31 December 2025 and the details of attendance are as follows:-

Directors	Attendance
(1) Lee Ah Bah @ Lee Swee Kiat	5/5
(2) Dato’ Lee Kong Sim	5/5
(3) Wong Yoke San	5/5
(4) Lee Kong Hooi	5/5
(5) Ng Fong Fong	5/5

## (2) Board Charter

The Board maintains a Board Charter which is reviewed at least once a year and published on the Company’s website at [www.lsk.com.my](http://www.lsk.com.my). The Board Charter clearly defines the respective roles and responsibilities of the Board, Board Committees, the Executive Chairman, Managing Director, Executive Directors and Non-Executive Directors, Independent Non-Executive Directors, Senior Independent Non-Executive Director and Senior Management. There are limits of authority in place for various Management positions and there are certain material issues and decisions reserved for the Board. The Board Charter was last reviewed by the Board on 27 February 2024 and published on the Company’s website at [www.lsk.com.my](http://www.lsk.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Principle A – Board Leadership and Effectiveness (continued)

## Part I: Board Responsibilities (continued)

## (3) Corporate Culture

- (3.1) The Board establishes a Code of Conducts and Ethics (“the Code”) for the Group, and together with Management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code was last reviewed by the Board on 27 February 2024 and published on the Group’s website at [www.lsk.com.my](http://www.lsk.com.my).
- (3.2) The Board maintains a Whistle Blowing Policy with clear objectives, scopes as well as fraud reporting and investigation procedures. Any employee that suspected fraud could report directly to the Management, the internal auditors, Executive Directors and even directly to the AC Chairman through his designated email. The identity of the whistle blower will be kept anonymous and external investigators may be engaged to carry out necessary investigations. The AC Chairman may decide on the next course of action to be taken, including making a formal police report if the situation warrants it. The Whistle Blowing Policy was last reviewed by the Board on 27 February 2024 and published on the Group’s website at [www.lsk.com.my](http://www.lsk.com.my).
- (3.3) The Board established an Anti-Corruption and Bribery Policy for the Group in June 2020 in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. This policy serves to provide guidance on how to recognise and deal with bribery and corruption issues and act as a deterrence to such practices. This is to promote fair and equitable business practices with business ethics. The policy was last reviewed by the Board on 27 February 2024 and published on the Group’s website at [www.lsk.com.my](http://www.lsk.com.my).

## (4) Environmental, Social and Governance

- (4.1) The Board recognises the need for strategies and plans to promote and contribute towards sustainable development with particular focus on economic and ESG aspect of business, and together with Management ensure that the strategic plan of the Group supports the long-term shareholder value creation and includes strategies on ESG considerations underpinning sustainability in the Group’s operations.
- (4.2) The governance and reporting on the Group’s sustainability agenda are led by the Managing Director and overseen by the Board. Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensure the effective implementation of the Group’s sustainability strategies and plans.
- (4.3) The Group endeavours to use renewable natural latex as its key raw material in the production of its bedding products, which reduces its reliance on fossil-based material and thus help to reduce carbon emissions.
- (4.4) The Group pioneered the use of organic latex in its production in Malaysia to further encourage environmental friendly supply chain without using artificial pesticides and fertilizers. Further, the Group invested in co-generator which qualified under the green technology as promoted by the Malaysian Investment Development Authority.
- (4.5) The Group’s sustainability strategies are communicated via its annual Sustainability Statement to its internal and external stakeholders, which is available on the Company’s website at [www.lsk.com.my](http://www.lsk.com.my).
- (4.6) The Board through the NRC:-
- (i) reviewed the training needs of the Directors to ensure that they stay abreast with the latest development in the industry as well as the sustainability issues which are relevant to the Group; and
  - (ii) conducted the performance evaluation for the Board and Board Committees in which the relevant ESG considerations and sustainability targets had been integrated into the annual Board and Board Committee Performance Evaluation to ensure accountability in the performance of the Directors against sustainability targets. Senior Management is required to follow the Group’s pursuits in achieving its sustainability initiatives.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Principle A – Board Leadership and Effectiveness (continued)

## Part I: Board Responsibilities (continued)

## (5) Directors' Training and Continuing Education

All Directors of the Company have attended both Mandatory Accreditation Programme Part 1 (in relation to a Director's roles, duties and liabilities) and Part II (in relation to sustainability and the related roles of a Director). Directors are encouraged to undergo continuous programmes and attend similar seminars from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

During the FY 2025, the Directors after assessing their own training needs, had attended the following training programmes/seminars:-

Name of Director	Date	Training Programme
Lee Ah Bah @ Lee Swee Kiat	8 April 2025	Implementing Effective Corporate Governance Practices
	17 October 2025	Anti-Bribery and Anti-Corruption
Dato' Eric Lee	8 April 2025	Implementing Effective Corporate Governance Practices
	17 October 2025	Anti-Bribery and Anti-Corruption
Lee Kong Hooi	8 April 2025	Implementing Effective Corporate Governance Practices
	17 October 2025	Anti-Bribery and Anti-Corruption
Wong Yoke San	8 April 2025	Implementing Effective Corporate Governance Practices
	30 June 2025	Overview of the Third Edition of the IFRS for SMEs Accounting Standards
	5 August 2025 and 6 August 2025	National Tax Conference 2025
	14 October 2025 and 15 October 2025	MIA Webinar Series: Auditing of Inventories and Production Costs
	14 October 2025	National Seminar on Taxation 2026
	17 October 2025	Anti-Bribery and Anti-Corruption
Ng Fong Fong	8 April 2025	Implementing Effective Corporate Governance Practices
	17 October 2025	Anti-Bribery and Anti-Corruption

The Board had attended the Mandatory Accreditation Programme Part II: Leading for Impact on 13 and 14 January 2025.

## (6) Board Composition

(6.1) The Board through the NRC conducted a fit and proper assessment and an annual review of its composition, assessed the suitability of the candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement in accordance with the Company's Constitution, with due consideration to the extent to which the interplay of the Director's expertise, skills, knowledge, tenure and experience with those of other board members and fit and proper criteria, as well as their roles as committee members. The re-election of a Director is contingent on satisfactory evaluation of the Director's performance and contribution to the Board as well as the receipt of the fit and proper declarations in accordance with the Directors' Fit and Proper Policy from the retiring Directors.

(6.2) In FY 2025, the Board comprised five (5) Directors, i.e. two (2) Executive Directors (including the Executive Chairman and Managing Director) and three (3) Non-Executive Directors, of which two (2) were Independent Directors. The Senior Independent Director of the Company is Mr. Wong Yoke San. None of the Board members is person linked directly with the executive powers such as heads of states, heads of government and ministers. Further, none of the Board members is an active politician.

(6.3) The Company complies with the requirements under Paragraph 15.02 of the MMLR of Bursa Securities, i.e. at least two (2) Independent Directors or one-third of the Board, whichever is the higher.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Principle A – Board Leadership and Effectiveness (continued)

## Part I: Board Responsibilities (continued)

## (6) Board Composition (continued)

(6.4) The Board has delegated specific functions to the following Board Committees with the functions, duties and responsibilities were set out in the Terms of Reference of the respective Board Committees, approved and adopted by the Board:-

- AC
- NRC

The Terms of Reference of the AC was revised in line with the Practices and Guidance recommended under the MCCG and approved by the Board on 27 February 2024. The Terms of Reference of the NRC was reviewed by the Board on 27 February 2024. Both of the Terms of References of the Board Committees are published on the Group's website at [www.lsk.com.my](http://www.lsk.com.my).

(6.5) The Board Charter stipulates that the tenure of the Company's Independent Directors shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board as Non-Independent Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

(6.6) The tenure of all the current Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years.

(6.7) Any appointment of a new Director shall first be reviewed by the NRC and the NRC shall conduct the fit and proper assessment on the new Director before recommending to the Board for approval.

(6.8) The Group practices meritocracy in the appointment of Board and Senior Management members, based on the objective criteria, skills, experience, gender, age and integrity. The Board encourages a mix of gender on both the Board and Senior Management positions.

(6.9) At present, the Board has four (4) male Directors and one (1) female Director, representing 20% female participation. The Alternate Director to the Executive Chairman is also a female. The NRC will take steps to identify more female candidates subject to appropriate due diligence on the candidate's compatibility, competency, character, time commitment, integrity and experience, to meet the recommendation of the Malaysian Code on Corporate Governance, where the Board should comprise at least 30% women directors. The Group has gender diversity at the Senior Management level. Two out of the top five Senior Management are female, representing 40% female representation.

(6.10) The Board is open to various sources to identify suitable candidates for the Board and Senior Management and does not rely solely on the recommendations from the existing Board members, Management or major shareholders. Any new appointment of Director will be interviewed and reviewed by the NRC, who would determine the suitability of the candidate based on the criteria of selection which include the appropriate mix of skill, knowledge, expertise and experience, time commitment, character, professionalism and integrity, before recommending the proposed appointment to the Board for approval. In addition, the proposed candidate shall not be an active politician.

(6.11) The Board ensures that shareholders are kept informed on the changes in the composition of the Board and Board Committees via announcements on Bursa Link within the prescribed timeline under the MMLR of Bursa Securities.

(6.12) Pursuant to the Company's Constitution, at least one-third (1/3) of the Directors are required to retire by rotation from office at each Annual General Meeting ("AGM") and may offer themselves for re-election. Every Director must retire from office at least once in every three (3) years. The name and details of the Directors standing for re-election at the Company's forthcoming AGM are disclosed in the Notice of AGM and their profiles are set out on page 5 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

**Principle A – Board Leadership and Effectiveness (continued)**

## Part I: Board Responsibilities (continued)

## (6) Board Composition (continued)

(6.13) The Board through the NRC carries out formal annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director. Each individual Director has specific tasks, and some comes with general functions within a committee. The evaluation of individual Directors include their performance for both specific and general functions, integrity, commitment and confidence to stand up for their view. There was no apparent weaknesses or shortcomings identified that warrant specific action plan to address the same during the most recent evaluation done on 26 February 2026.

## (7) Nomination and Remuneration Committee

The NRC is chaired by an Independent Director and the members of the NRC are as follows:-

**Chairperson**

Ng Fong Fong – Independent Non-Executive Director

**Members**

Wong Yoke San – Senior Independent Non-Executive Director

Lee Kong Hooi – Non-Independent Non-Executive Director/Deputy Chairman

The Terms of Reference of the NRC is published on the Group's website at [www.lsk.com.my](http://www.lsk.com.my).

The terms of office of NRC are reviewed annually and may be re-nominated and re-appointed by the Board. Its role and function are to assist the Board in nominating and recommending suitable candidates to the Board of Directors, reviewing succession planning for the position as Board Chairman, Directors and key management personnel, assessing the performance of the Board, Board Committees and individual Directors on an on-going basis and assessing and reviewing the remuneration package of the Executive Directors and Senior Management.

The NRC also takes recognition of the requirement that the Board shall consist of an appropriate balance of a broad range of skills, knowledge, expertise and experience, character and competence and encourages diversity in gender, age, culture and socioeconomic backgrounds.

During the FY 2025, the NRC has conducted one (1) meeting and the attendance of the NRC members are as follows:-

NRC	Attendance
(1) Ng Fong Fong	1/1
(2) Wong Yoke San	1/1
(3) Lee Kong Hooi	1/1

The following activities were carried out by the NRC in FY 2025:-

- (i) Carried out an annual assessment on the independence of the Independent Directors as well as the contribution and performance of Board, Board Committees and each individual Director against a variety of assessment criteria that encompasses a diverse set of skills and experience via the following performance evaluation form, facilitated by the Company Secretary:-
  - (a) Directors' Self and Peer Evaluation; and
  - (b) Board and Board Committee Evaluation Form.

The NRC is satisfied with the contribution and performance of each individual Director. The Independent Directors comply with the criteria of independence based on the MMLR of Bursa Securities. All the Directors complied with the fit and proper criteria approved by the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

**Principle A – Board Leadership and Effectiveness (continued)**

## Part I: Board Responsibilities (continued)

- (7) Nomination and Remuneration Committee (continued)
- (ii) Conducted the fit and proper assessment on the Directors who were proposed for re-election at the AGM of the Company before recommending the said proposed re-election.
  - (iii) Reviewed and evaluated the term of office and performance of the AC and its members to determine whether such AC and members have carried out their duties in accordance with their Terms of Reference.
  - (iv) Reviewed the remuneration of the Directors including salary increment and benefit payable to the Executive Directors and incentives payable to the Executive Directors under the Executive Directors Incentive Scheme ("EDIS") and recommended to the Board for approval.
  - (v) Reviewed the remuneration package of the Senior Management and recommended to the Board for approval.
  - (vi) Reviewed the succession plan for Directors and Senior Management.
  - (vii) Reviewed the Remuneration Policy.
  - (viii) Reviewed and recommended to the Board on the remuneration of the Non-Executive Directors.
- (8) Remuneration
- (8.1) The Board has adopted a Remuneration Policy for determining the remuneration of Directors and Senior Management. The policy was reviewed by the Board on 26 February 2026 and published on the Group's website at [www.lsk.com.my](http://www.lsk.com.my). KPIs are set for the Executive Directors in the EDIS covering profitability target, return on shareholders' fund and gearing control to ensure conservative financing. For FY 2025, approximately 35.6% (FY 2024: 35.6%) of the remunerations are incentive-based. Should the Group make a loss, no incentive will be payable. The remunerations of the Senior Management are tied to their individual responsibilities aligned to the long-term strategic plan of the Group. Their remunerations include salaries, commissions and output incentives.
  - (8.2) All Directors have abstained from deliberating on their own remuneration.
  - (8.3) The main objective of remuneration procedures is to attract and retain talents that contribute positively to the Group, and provides basis for assessment with KPIs to link remunerations to performances.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

## Principle A – Board Leadership and Effectiveness (continued)

## Part I: Board Responsibilities (continued)

## (9) Details of Remuneration

(9.1) The details of the remuneration for the individual Board members on named basis of the Company and the Group, including fees, salaries, incentives, defined contributions, benefits-in-kinds and others for FY 2025 were RM1.7362 million (FY 2024: RM2.103 million) are as follow:-

Group						
Directors	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Performance incentive RM'000	Benefit- in-kind RM'000	Total RM'000
<b>Executive Directors:-</b>						
Lee Ah Bah @ Lee Swee Kiat	-	-	234.0	90.0	13.3	337.3
Tan Kuin Luan (Alternate Director to Lee Ah Bah @ Lee Swee Kiat)	-	-	174.0	90.0	-	264.0
Dato' Lee Kong Sim	24.0	-	686.6	270.0	13.3	993.9
<b>Non – Executive Directors:-</b>						
Wong Yoke San	48.0	3.0	-	-	-	51.0
Lee Kong Hooi	42.0	3.0	-	-	-	45.0
Ng Fong Fong	42.0	3.0	-	-	-	45.0
Total	156.0	9.0	1,094.6	450.0	26.6	1,736.2

Company						
Directors	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Performance incentive RM'000	Benefit- in-kind RM'000	Total RM'000
<b>Executive Directors:-</b>						
Lee Ah Bah @ Lee Swee Kiat	-	-	-	-	-	-
Tan Kuin Luan (Alternate Director to Lee Ah Bah @ Lee Swee Kiat)	-	-	-	-	-	-
Dato' Lee Kong Sim	24.0	-	-	-	-	24.0
<b>Non – Executive Directors:-</b>						
Wong Yoke San	48.0	3.0	-	-	-	51.0
Lee Kong Hooi	42.0	3.0	-	-	-	45.0
Ng Fong Fong	42.0	3.0	-	-	-	45.0
Total	156.0	9.0	-	-	-	165.0

(9.2) The Board is of the opinion that the disclosure of the remuneration of the Top Five Senior Management does not bring advantage and business interest to the Group, instead it will increase the risk of external pinching of talent which may be detrimental to the operation of the Group. Nevertheless, the total remuneration for Top Five Senior Management including salary, bonus, incentives, defined contributions, benefits-in-kind and other emoluments for FY 2025 were RM1,844,419 (FY 2024: RM1,830,096).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### Principle B – Effective Audit and Risk Management

#### (10) Audit Committee

- (10.1) The Chairman of AC shall not be the Chairman of the Board. The Chairman of the AC is Mr. Wong Yoke San whilst the Chairman of the Board is Mr. Lee Ah Bah @ Lee Swee Kiat. This is to ensure objectivity of the Board's review of the AC's findings and recommendations.
- (10.2) The main role of the AC Chairman and its members is to facilitate proper compliance of the financial reporting of the Group. This includes working closely and communicate directly with both the external auditors and internal auditors. The AC shall assess the key audit matters highlighted by the external auditors and recommend appropriate measures should the need arise. The AC should facilitate the external auditors to conduct proper audits to ensure a true and fair view of the financial position of the Group.
- (10.3) The Terms of Reference of the AC is published on the Company's website at [www.lsk.com.my](http://www.lsk.com.my).
- (10.4) The AC has incorporated in its Terms of Reference that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as member of the AC and it shall apply to all former partners of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) of the Company or any entity within the Group. This is to avoid potential undue influence the former audit partner may exert over the external auditors. Nonetheless, it does not apply if the external auditor is from a different audit firm.
- (10.5) The AC has formal procedures to assess the suitability, objectivity and independence of the external auditors. The assessment is conducted annually in written form, includes the competence, audit quality, and timeliness in performing the audit. The external auditors are required to give a written assurance confirming their independence to the AC annually. The AC would take into accounts any non-audit services rendered by the external auditors (if any) in their evaluation. For the FY 2025, there is no non-audit service fee payable to the external auditors. At least two (2) private meetings are held with the external auditors without the presence of Executive Directors and Management annually.
- (10.6) All members of the AC are financially literate and possess the requisite experience, skills and specialised knowledge to discharge their duties. They are encouraged to undertake continual professional development to keep themselves updated with the latest accounting standards and relevant practices.
- (10.7) The details of activities of the AC are disclosed in the AC Report on pages 62 to 63 of this Annual Report.

#### (11) Risk Management and Internal Control Framework

- (11.1) The Board maintains an internal control system to safeguard shareholders' investment and Group's assets. The Board has taken an active approach to establish a Risk Management Framework to identify various risks facing the Group and drawn up measures to contain and mitigate the risks.
- (11.2) The Board actively identifies, assesses and monitor key business risks and determine the level of risk tolerance for the Group. There is a Risk Management Committee consist of the Executive Directors and certain Senior Management. The AC would review quarterly the risk management reports submitted by the internal auditors and report to the Board to take appropriate actions to review and improve on the risk management and internal control functions.
- (11.3) A detailed statement on how the Group evaluate key risk areas, the control in place to mitigate the risks, the periodic reviews and changes made are disclosed in the Statement on Risk Management and Internal Control on pages 64 to 66 of this Annual Report.

#### (12) Internal Audit Function

- (12.1) The AC ensures that the internal audit function be carried out effectively and function independently by determining the reporting structure of the internal auditors directly under the AC. Any appointment or termination of senior staff members of the internal audit function is decided by the AC on criteria of skills, experience and independence.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### Principle B – Effective Audit and Risk Management (continued)

#### (12) Internal Audit Function (continued)

- (12.2) The AC sets annual Internal Audit Plan with clear scope of audit and instruct the internal auditors to carry out the audits according to the plan. The AC would facilitate the internal auditors with appropriate authority and resources to carry out the role effectively. The AC conducts quarterly review on the Internal Audit Reports presented by the internal auditors and take appropriate actions including making suggestions and remedial measures to the Board to enhance any weakness in the internal controls and risk management. The internal auditors should continue with professional developments to keep abreast with the development in the relevant internal audit and risk management fields.
- (12.3) A report on internal audit function is disclosed in the Statement on Risk Management and Internal Control on page 64 to 66 of this Annual Report.

### Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

#### (13) Engagement with Stakeholder

- (13.1) The Board is mindful on the disclosure requirements of Bursa Securities in relation to the proper and timely dissemination of information to the shareholders. The Company is cautious not to provide undisclosed material information to any party to the disadvantage of other shareholders. The Company maintains an official website at [www.lsk.com.my](http://www.lsk.com.my) which channels the updates of all announcements made to Bursa Securities, annual report and other corporate information as well as corporate governance documents. There is also a link to the Group's marketing website showing portfolio of international brands.
- (13.2) The Managing Director is the Group's spokesperson for the investor relation of the Group. The Group welcomes the visit and interview of financial reporters and investment analysts from investment house as well as fund managers.
- (13.3) The Group continues to participate in investor and analyst briefings to improve the profile of the Group and attract fund managers to strengthen the shareholder profile of the Group.

#### (14) Conduct of General Meeting

- (14.1) The AGMs and EGMs are the principal forum for dialogue with shareholders for effective communications with the Company. Shareholders are encouraged to participate in the Question and Answer ("Q&A") session wherein the Directors, and the External Auditors are available to respond to the questions raised. For questions where answers could not be readily given at the meeting, the Board will undertake to provide a written reply to the shareholder.
- (14.2) The Company gave at least twenty-eight (28) days notices to the shareholders prior to the 22nd AGM to allow the shareholders to make the necessary arrangement to attend and participate in the AGM either in person, proxy or corporate representative or by attorney. Detailed explanations to the resolutions, especially items under special business are provided with background information and report (if applicable) in the notice to enable shareholders to make an informed decision in exercising their voting rights.
- (14.3) All the Directors attended the Company's 22nd AGM held on 28 May 2025 and the Chairperson of each Board Committee were present to provide meaningful response to questions addressed to them.
- (14.4) Active participation from the shareholders, proxies and/or corporate representatives in the 22nd AGM is greatly encouraged. During the 22nd AGM, shareholders, proxies and/or corporate representatives also took the opportunity to raise questions where the Managing Director responded to all questions raised.
- (14.5) The outcome of the general meeting was announced to Bursa Securities on the same day and the minutes were published on the Company's website at [www.lsk.com.my](http://www.lsk.com.my) within thirty (30) business days after the conclusion of the AGM.

### Future priorities in key areas of Corporate Governance Practices

The Company aimed to conduct or participate in more investor relations activities for better engagement with the investment community.

This Statement on the Company's CG practices is made in compliance with Paragraph 15.25(1) of the MMLR and approved by the Board on 8 April 2026.

## OTHER COMPLIANCE DISCLOSURES

**Utilisation of Proceeds**

The Company did not raise any funds through any corporate proposals during the financial year.

**Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature**

The Company did not seek any shareholders' mandate in respect of the RRPT of a revenue or trading nature.

**Audit and Non-Audit Fees**

The amount of audit and non-audit fees paid or payable to the external auditors of the Company and its subsidiaries for FY 2025 are as follows:-

Fees paid / payable	Group RM'000	Company RM'000
Audit	200	40
Non-Audit	-	-

**Material Contracts or Loans**

During FY 2025, there was no material contract or loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

**Employee Share Scheme**

The Company did not establish any Employee Share Scheme and does not have any subsisting Employee Share Scheme during the FY 2025.

**Disclosure of Financial Data for Shariah Screening**

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

**(A) Group Total Income and Total Assets**

	Group	
	2025 RM'000	2024 RM'000
<b>Total Income</b>		
Revenue	126,118	136,331
Interest income	207	334
Other income	1,299	1,405
<b>Total</b>	<b>127,624</b>	<b>138,070</b>
<b>Total Assets</b>	<b>119,786</b>	<b>120,715</b>

**(B) Business Activities**

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM'000	2024 RM'000
Interest income	Conventional account	207	334
<b>Total</b>		<b>207</b>	<b>334</b>

**(C) Component of Financial Position****(i) Cash Component**

	Remarks	Group			
		Islamic Account / Instruments		Conventional Account / Instruments	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term deposits		N/A	N/A	8,424	8,262
Cash at bank (exclude cash in hand)		N/A	N/A	13,450	13,640
Other cash equivalents	Cash in hand	N/A	N/A	201	326
<b>Total</b>		<b>N/A</b>	<b>N/A</b>	<b>22,075</b>	<b>22,228</b>

**(ii) Debt Component**

	Remarks	Group			
		Islamic Financing		Conventional Borrowing	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Current</b>					
Term loans		N/A	N/A	643	1,413
Hire purchase payables		N/A	N/A	59	57
<b>Non-Current</b>					
Term loans		N/A	N/A	318	961
Hire purchase payables		N/A	N/A	158	217
<b>Total</b>		<b>N/A</b>	<b>N/A</b>	<b>1,178</b>	<b>2,648</b>

## AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) of Lee Swee Kiat Group Berhad (“LSK” or “the Company”) and its subsidiaries (“the Group”) is pleased to present the report of the Audit Committee (“AC”) for the financial year ended 31 December 2025 (“FY 2025”).

### Audit Committee

#### Chairman

Wong Yoke San – Senior Independent Non-Executive Director

#### Members

Lee Kong Hooi – Non-Independent Non-Executive Director/Deputy Chairman

Ng Fong Fong – Independent Non-Executive Director

The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The AC Chairman, Mr. Wong Yoke San, is a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

None of the AC members are former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the Terms of Reference of the AC.

The full Terms of Reference of the AC outlines the Composition and Membership, Duties and Responsibilities Rights and Reporting of the AC as well as the Procedure of AC Meeting is accessible via the Company’s website at [www.lsk.com.my](http://www.lsk.com.my).

### Meetings and Attendance of Audit Committee

The Members of AC met five (5) times during FY 2025 and the minutes of the AC meetings were formally tabled to the Board for its attention and notation. The attendance of the AC members is as follows:-

Directors	Attendance
(1) Wong Yoke San	5/5
(2) Lee Kong Hooi	5/5
(3) Ng Fong Fong	5/5

### Summary of Work for the Financial Year 2025

Summary of activities and work of the AC in the discharge of its duties and responsibilities for the FY 2025 is as follows:-

#### (1) Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Group for the fourth quarter of 2025 and the annual audited financial statements for FY 2025 of the Company at the meetings held on 26 February 2026 and 8 April 2026 respectively;
- (b) Reviewed the unaudited quarterly financial results of the Group for the first, second and third quarters of 2025, which were prepared in compliance with the Malaysian Financial Reporting Standards (MFRS), International Accounting Standards (IAS) and Paragraph 9.22, including Appendix 9B of the MMLR of Bursa Securities before recommending to the Board for consideration and approval at the meetings held on 28 May 2025, 27 August 2025 and 26 November 2025 respectively; and
- (c) Reviewed the deviation between the unaudited fourth quarterly financial results and the audited financial statements for FY 2025.

#### (2) Recurrent Related Party Transactions

Reviewed recurrent related party transactions entered into by the Group and its subsidiaries quarterly to ensure that such transactions were undertaken in line with the Group’s normal commercial terms, the MMLR of Bursa Securities and relevant accounting and financial reporting standards.

## AUDIT COMMITTEE REPORT (cont'd)

### Summary of Work for the Financial Year 2025 (continued)

#### (3) External Auditors

- (a) Reviewed the annual audited financial statements for FY 2025 together with external auditors' and Management's responses, before recommending for the Board of Directors' approval on meeting held on 8 April 2026;
- (b) Reviewed and discussed with external auditors on their Audit Planning Memorandum for FY 2025 outlining their scope of work and proposed fee for the statutory audit as well as the audit procedures on 26 November 2025;
- (c) Obtained the written assurance from external auditors which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements, including the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants on meeting held on 26 November 2025;
- (d) Reviewed the independence and suitability of the external auditors at the meeting held on 8 April 2026; and
- (e) Had two private meetings with external auditors on 8 April 2025 and 26 November 2025 without the presence of Executive Directors and Management staff.

#### (4) Internal Audit

- (a) Reviewed with the internal auditors, the Internal Audit Reports of the Group and their follow-up on the audit findings at the meetings held on 26 February 2025, 28 May 2025, 27 August 2025 and 26 November 2025; and
- (b) Reviewed and approved the Internal Audit Plan of the Group for 2025 proposed by the internal auditors at the meeting held on 26 November 2025.

#### (5) Internal Control and Risk Management Reviews

- (a) Assessed the operational risk profile of the Group to identify risk areas of and impacts to the Group and to recommend the remedial action plans;
- (b) Reviewed the reports and recommendations of the internal and external auditors on areas of concern relating to the risk management framework and internal control system of the Group and made the appropriate recommendations to the Board of Directors; and
- (c) Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Group's Annual Report.

- (6) Reviewed any related party transaction and conflict of interest situations along with the measures taken to resolve, eliminate or mitigate such conflicts.

### Summary of Work of Internal Audit Function

An Internal Audit Plan approved by the AC is in place and during FY 2025, the internal audit department has conducted audits in various areas and controls put in place to strengthen the Group's operating procedures.

In 2025, the internal auditors have completed the key areas of audit in accordance to the Internal Audit Plan and Risk Management Framework, including trade receivables, revenue recognition, inventory, borrowing and lease liabilities, property, plant and debtors credit control, fire risk, flood risk, related parties transactions, receivables – new account control, billing control, selling price control and approved pricing control, production – wastage control and recoveries, payables – new account control, purchase order control and goods received control, accounting – backups, customer deposit and journals control, stock control, equipment, lease liabilities and right-of-use assets and review of impairment, human resources – payroll reconciliation and overtime control, operating expenditure – operating expenditure trend analysis, department environment – waste water treatment test, risk management – competitive risk and Occupational Safety and Health Act 1994 (OSHA) – JKPP Licenses. Please refer to the Statement on Risk Management and Internal Control as contained on pages 64 to 66 of this Annual Report for more information.

The Internal Audit Reports and recommended actions were presented to the AC at their quarterly meetings.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Introduction

The Code of Conducts and Ethics (“the Code”) requires the Board of listed companies to maintain a sound internal control system to safeguard shareholders’ investment and Group’s assets. The Board has taken an active approach to establish a Risk Management Framework to identify various risks facing the Group and drawn up measures to contain and mitigate the risks. The Board is pleased to provide the following statement, which outlines the state of internal control of the Group pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### Board Responsibilities

The Board is responsible for the Group’s system of internal control and for reviewing its adequacy, effectiveness and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk of failure to achieve business objectives, and to provide only reasonable and not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board.

The key features of the internal control framework include the following:-

- (1) Company’s policies and procedures are documented and communicated to the staff so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements;
- (2) Organisation structure is clearly defined with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;
- (3) The Board meets regularly and is kept updated on the progress and operations of the Group, and any significant changes in both the internal and external business environment, which may result in significant risk;
- (4) The financial results are reviewed quarterly by the Audit Committee and the Board, and if necessary with the presence of the external auditors; and
- (5) The Executive Directors and Management meet regularly to discuss various operational issues and market changes to decide tactical plan.

### Risk Management Framework

The Board is aware of the importance of effective risk management system to get the Company prepared amidst the turbulent business environment. This system should be capable of responding quickly to risk factors arising from factors within the Group as well as external factors. The Group has on-going process for identifying and monitoring of significant risks through continuous review of potential risk areas by regular meetings and discussions. Where a particular risk is identified, the Board will implement precautionary measures to mitigate the risk, if possible.

### Identify, Evaluation, Managing and Review of Risks

A Risk Management Framework was established after detail review and brainstorming between the Board and the Management. A total of 6 major risks are identified as key risks, including Foreign Exchange Risk, Credit Risk, Default Risk, Fire Risk, Competitive Risk and Information Technology or Cyber Risk. Various measures to contain and mitigate the identified risks were established.

- (a) Foreign Exchange Risk – The Group has substantial export billings in foreign currencies and any fluctuation, especially US Dollar, will have a direct impact on the performance of the Group. The Group classifies the risk level as low. The mitigation measures include having a diversity of billing currencies, having natural hedging by matching export proceeds with import payments as well as entering into forward forex contract.
- (b) Credit Risk – The risk of default by debtors in both domestic and international markets. The Group classifies the risk level as medium. The mitigation measures include control on credit term and credit limit, as well as requesting for personal guarantor from certain customers as feasible.
- (c) Default Risk – The Group monitors the total borrowing level in relation to the shareholders’ fund size to minimize risk of over-gearing that may substantially increase the default risk. The Group classifies the risk level as low. The mitigation measures include quarterly financial analysis on liquidity and gearing ratio of the Group as well as establish gearing ratio as one of the key performance indicators (“KPIs”) in Executive Directors’ Compensation Scheme.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (*cont'd*)

### Identify, Evaluation, Managing and Review of Risks (continued)

- (d) Fire Risk – The risk of accidental fire on principal premises of operation that may seriously disrupt or even jeopardise the operations of the Group. The Group classifies the risk level as high based on the nature of the Group's product. The Group has established mitigation measures with installations of various firefighting systems under the recommendations of external consultants, work closely with insurance company and brokers on fire risk survey and fire insurance coverage.
- (e) Competitive Risk – The Group is principally a manufacturing company which are subject to fluctuation of raw materials cost especially raw latex price, increasing labour cost that may affect the competitiveness of the Group. The Group operates in a free market environment that is subject to strong competition in both domestic and international markets. The Group classifies the risk level as medium. The mitigation measures include investing in intellectual properties like trademarks, hedging of key raw material, actively engaging in mechanisation of its operations to improve efficiencies, as well as endeavour to have a diversity of customers in both export and domestic market.
- (f) Information Technology ("IT") or Cyber Risk – The risk of system and data corruption that may affect the operations of the Group. The Group classifies the risk level as low. The mitigation measures include engaging external IT support consultants, installation of external fire walls on company server and regular back-ups of important data to external cloud-based data centres.

The Board has empowered the Audit Committee to oversee the continual monitoring and implementation of the various measures of containment and mitigation of risks with the assistance of the Internal Audit team. The internal auditors have to verify and confirm the measures taken by the Management and submit quarterly updates on all development in accordance to the Risk Management Framework. The Board would carry out annual assessment of the adequacy and effectiveness of the risk management and internal control by the end of every year and issue directives to amend and improve the Internal Audit Plan as the Board deem necessary.

In 2025, the Board has assessed the adequacy and effectiveness of the risk management and internal control for reasonable assurance that significant risks which impact the Company's strategies and objectives are within levels appropriate to the Company's business. The Board acknowledged that neither risk management nor internal control processes could provide absolute assurance.

The Board has taken steps to highlight the importance of risk management by embedding risk management in the KPIs for the Management in the annual assessment and in determining Directors' remuneration and incentives. The KPIs includes profitability, return on shareholders' fund and gearing level.

The Board has received assurance from the Managing Director/Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Company.

The external auditors have reviewed the Group's Statement on Risk Management and Internal Control for financial year 2025.

### Internal Audit Function

The Group has in place an in-house Internal Audit team which provides the Board with much of the assurance it requires regarding the effectiveness, adequacy and integrity of the systems of internal control put in place. This function adopts a risk-based approach drawn in accordance to the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors. The main function of the Internal Audit is to provide reasonable assurance to the Audit Committee and Board of Directors of the Company concerning the adequacy and operating effectiveness in relation to Governance, Risk Management and Internal Control processes in realizing corporate objectives. The head of internal audit team is Ms. Wong Huey Mei. Ms. Wong is a member of the Institute of Internal Auditors Malaysia and she reports directly to the Audit Committee of the Company. All the Internal Audit team members are free from any relationship or conflicts of interest which could impair their objectivities and independence.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

### Internal Audit Function (continued)

The Internal Audit Plan for 2025 covers areas including:-

- (a) Debtors' credit control on both new customers as well as customer overdue aging details which overdue for more than 6 months.
- (b) Control on purchasing cycle, stock cycle, product specification, selling price, general ledger, export procedures, payroll processing and petty cash system.
- (c) Control of documentations including safe upkeep and ease of retrievals.
- (d) Control on compliance with standard operating procedures.
- (e) Risk Management covering Fire risk, Flood risk, Competitive Risk, Credit Risk, Foreign Exchange Risk, Default Risk, and Information Technology or Cyber Risk, with periodic reports on latest development and management actions to contain the identified risks.
- (f) Control and report on related party transactions.
- (g) Fire and Safety Risk to prevent the premises and potential for fire to occur and harm the people around the premises.
- (h) Personal Guarantee for customer with high credit limit as legal promise to repay the credit issued to a business.
- (i) Control and report on compliance to DOE, Occupational Safety & Health Act 1994 ("OSHA").

A total of four (4) reports were submitted directly to Audit Committee in 2025 covering 11 key audit areas identified in Annual Audit Plan which was approved by the Audit Committee.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

The Internal Audit Reports and Risk Management Reports are made available to the external auditors to provide assistance to the risk-based audit approach.

For FY 2025, the cost incurred for our internal audit function was approximately RM60,000.

## DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:-

- Adopted appropriate accounting policies and apply them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that applicable approved accounting standards have been complied with; and
- Ensured the financial statements has been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

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## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

### Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### Financial results

	Group RM'000	Company RM'000
Profit for the year	5,258	8,849

### Dividends

The Company paid the following dividends since the end of the previous financial year:

	Company RM'000
Interim single tier dividend of 2.35 sen per ordinary share on 251,653,024 ordinary shares, declared on 26 February 2025 and paid on 28 March 2025 in respect of financial year ended 31 December 2024	5,914

The Directors recommended and approved the interim single tier dividend of 1.50 sen per ordinary share on 244,071,824 ordinary shares, declared on 26 February 2026 and paid on 30 March 2026 in respect of financial year ended 31 December 2025 at the Board of Directors' meeting held on 26 February 2026.

### Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

### Issue of shares and debentures, treasury shares

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

### Options granted over unissued shares

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

## DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### Directors

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lee Ah Bah @ Lee Swee Kiat  
 Tan Kuin Luan (alternate Director to Lee Ah Bah @ Lee Swee Kiat)  
 Dato' Lee Kong Sim  
 Lee Kong Hooi  
 Ng Fong Fong  
 Wong Yoke San

The directors of the subsidiaries who were in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lee Ah Bah @ Lee Swee Kiat  
 Tan Kuin Luan  
 Dato' Lee Kong Sim

### Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests in the shares of the Company and its related companies during the financial year of those Directors who held office at the end of the financial year were as follows:

	Number of ordinary shares in the Company			
	At 1.1.2025	Additions	Disposals	At 31.12.2025
<b>Shareholdings in the name of the Directors:</b>				
Lee Ah Bah @ Lee Swee Kiat	4,680,000	-	-	4,680,000
Tan Kuin Luan	-	-	-	-
Dato' Lee Kong Sim	6,393,480	-	-	6,393,480
Lee Kong Hooi	-	-	-	-
Ng Fong Fong	-	-	-	-
Wong Yoke San	-	-	-	-

#### Shareholdings in which the Directors are deemed to have an interest:

Lee Ah Bah @ Lee Swee Kiat*	140,366,772	-	-	140,366,772
Tan Kuin Luan*	140,366,772	-	-	140,366,772
Dato' Lee Kong Sim*	140,366,772	-	-	140,366,772

\* Deemed interest by virtue of their interests in Lee Swee Kiat & Sons Sdn. Bhd.

	Number of ordinary shares in Lee Swee Kiat & Sons Sdn. Bhd.			
	At 1.1.2025	Additions	Disposals	At 31.12.2025
<b>Shareholdings in the name of the Directors:</b>				
Lee Ah Bah @ Lee Swee Kiat	30,000	5,000	-	35,000
Tan Kuin Luan	30,000	5,000	-	35,000
Dato' Lee Kong Sim	20,000	10,000	-	30,000

## DIRECTORS' REPORT *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### Directors' interests (Cont'd)

	Redeemable Non-Cumulative Non-Convertible Preference shares in Lee Swee Kiat & Sons Sdn. Bhd.			
	At 1.1.2025	Additions	Disposals	At 31.12.2025
<b>Shareholdings in the name of the Directors:</b>				
Lee Ah Bah @ Lee Swee Kiat	195,000	32,500	-	227,500
Tan Kuin Luan	195,000	32,500	-	227,500
Dato' Lee Kong Sim	130,000	65,000	-	195,000

By virtue of their interest in the shares of the Company, Lee Ah Bah @ Lee Swee Kiat, Tan Kuin Luan and Dato' Lee Kong Sim are deemed to have interests in the shares of all the subsidiaries as at the financial year to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or its related companies during the financial year.

### Directors' benefits

In respect of the Directors or past Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company, other than Directors' remuneration, as disclosed in Note 26 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company 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, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or a related company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Indemnity and insurance costs for Directors, Officers and Auditors

#### (a) Directors and Officers

The Directors and Officers of the Group and the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") basis for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and Officers of the Group and of the Company was RM10,000,000. The insurance premium for the DOL Insurance paid during the financial year amounted to RM10,810.

#### (b) Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for the auditors during the financial year.

### Other statutory information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

## DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### Other statutory information (Cont'd)

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would 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
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

### Significant and subsequent events

The details of significant and subsequent events are disclosed in Note 37 to the financial statements.

### Ultimate and immediate holding company

The ultimate and immediate holding company of the Company is Lee Swee Kiat & Sons Sdn. Bhd., a company incorporated and domiciled in Malaysia.

### Auditors

The auditors, Nexia SSY PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2026.

**Lee Ah Bah @ Lee Swee Kiat**  
Executive Chairman

**Dato' Lee Kong Sim**  
Managing Director

Klang

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	33,649	36,060	-	-
Right-of-use assets	7	7,318	5,348	-	-
Intangible assets	8	5,858	5,858	-	-
Investment in subsidiaries	9	-	-	69,000	69,000
Trade receivables	10	9,403	10,166	-	-
		56,228	57,432	69,000	69,000
<b>Current assets</b>					
Inventories	11	17,434	17,241	-	-
Trade receivables	10	20,507	21,166	-	-
Other receivables, deposits and prepayments	12	2,866	2,303	1	17
Amount due from a subsidiary	13	-	-	3,847	859
Tax recoverable		676	345	-	-
Short term deposits with licensed banks	14	8,424	8,262	-	-
Cash and bank balances	15	13,651	13,966	85	96
		63,558	63,283	3,933	972
<b>TOTAL ASSETS</b>		<b>119,786</b>	<b>120,715</b>	<b>72,933</b>	<b>69,972</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share Capital	16	16,782	16,782	16,782	16,782
Treasury shares	17	(21)	(21)	(21)	(21)
Capital reserves		5,410	5,410	5,410	5,410
Retained profits		57,269	57,925	50,679	47,744
<b>Equity attributable to owners of the Company</b>		<b>79,440</b>	<b>80,096</b>	<b>72,850</b>	<b>69,915</b>
Non-controlling interests	9(b)	-	-	-	-
<b>TOTAL EQUITY</b>		<b>79,440</b>	<b>80,096</b>	<b>72,850</b>	<b>69,915</b>
<b>Non-current liabilities</b>					
Borrowings	18	476	1,178	-	-
Lease liabilities	19	3,286	2,953	-	-
Deferred tax liabilities	20	5,618	5,559	-	-
		9,380	9,690	-	-
<b>Current liabilities</b>					
Trade payables	21	20,083	20,448	-	-
Other payables, accruals and deposits received	22	5,810	6,176	81	52
Borrowings	18	702	1,470	-	-
Lease liabilities	19	4,167	2,472	-	-
Provision for tax		204	363	2	5
		30,966	30,929	83	57
<b>TOTAL LIABILITIES</b>		<b>40,346</b>	<b>40,619</b>	<b>83</b>	<b>57</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119,786</b>	<b>120,715</b>	<b>72,933</b>	<b>69,972</b>

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

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	23	<b>126,118</b>	136,331	<b>9,253</b>	6,305
Cost of sales		<b>(77,669)</b>	(80,315)	-	-
Gross profit		<b>48,449</b>	56,016	<b>9,253</b>	6,305
Other operating income		<b>1,506</b>	1,739	<b>1</b>	2
Net impairment losses on financial assets	10	<b>(969)</b>	122	-	-
Administrative expenses		<b>(13,562)</b>	(13,974)	<b>(400)</b>	(752)
Selling and distribution expenses		<b>(23,582)</b>	(27,147)	-	-
Other operating expenses		<b>(5,748)</b>	(5,453)	-	-
Profit from operations	24	<b>6,094</b>	11,303	<b>8,854</b>	5,555
Finance costs	27	<b>(416)</b>	(373)	-	-
Profit before taxation		<b>5,678</b>	10,930	<b>8,854</b>	5,555
Taxation	28	<b>(420)</b>	(1,538)	<b>(5)</b>	(9)
Profit for the year		<b>5,258</b>	9,392	<b>8,849</b>	5,546
Profit attributable to:					
Owners of the Company		<b>5,258</b>	9,403		
Non-controlling interests		-	(11)		
Profit for the year		<b>5,258</b>	9,392		
Basic earnings per share (sen)	29	<b>2.09</b>	3.76		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Share capital RM'000	Treasury shares RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>								
At 1 January 2025		16,782	(21)	5,410	57,925	80,096	-	80,096
Profit for the year		-	-	-	5,258	5,258	-	5,258
Dividends	30	-	-	-	(5,914)	(5,914)	-	(5,914)
At 31 December 2025		16,782	(21)	5,410	57,269	79,440	-	79,440
At 1 January 2024		16,782	(2,821)	5,410	57,059	76,430	115	76,545
Disposal of subsidiary		-	-	-	-	-	(104)	(104)
Shares repurchased		-	(50)	-	-	(50)	-	(50)
Profit for the year		-	-	-	9,403	9,403	(11)	9,392
Dividends paid:	30	-	-	-	-	-	-	-
- interim single tier dividend		-	-	-	(5,648)	(5,648)	-	(5,648)
- distribution of treasury shares		-	2,850	-	(2,850)	-	-	-
- balancing cash dividend		-	-	-	-	-	-	-
(in lieu of treasury shares)		-	-	-	(39)	(39)	-	(39)
At 31 December 2024		16,782	(21)	5,410	57,925	80,096	-	80,096

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

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Share capital RM'000	Treasury shares RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000
<b>Company</b>						
At 1 January 2025		16,782	(21)	5,410	47,744	69,915
Profit for the year		-	-	-	8,849	8,849
Dividends	30	-	-	-	(5,914)	(5,914)
At 31 December 2025		16,782	(21)	5,410	50,679	72,850
<b>At 1 January 2024</b>						
Shares repurchased		16,782	(2,821)	5,410	50,735	70,106
Profit for the year		-	(50)	-	-	(50)
Dividends paid:		-	-	-	5,546	5,546
- interim single tier dividend	30	-	-	-	(5,648)	(5,648)
- distribution of treasury shares		-	2,850	-	(2,850)	-
- balancing cash dividend (in lieu of treasury shares)		-	-	-	(39)	(39)
At 31 December 2024		16,782	(21)	5,410	47,744	69,915

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation		5,678	10,930	8,854	5,555
Adjustments for:					
Allowance of expected credit loss	10	970	1,620	-	-
Bad debts recovered		-	(7)	-	-
Depreciation of property, plant and equipment	6	3,526	3,456	-	-
Depreciation of right-of-use assets	7	4,004	3,646	-	-
Dividend income		-	-	(9,000)	(6,000)
Fair value gain on short term deposits with licensed banks		(154)	(207)	-	-
Forfeited deposits		(629)	(748)	-	-
Gain on disposal of investment		(114)	-	-	-
Gain on disposal of investment in subsidiary		-	(143)	-	-
Gain on disposal of property, plant and equipment		(31)	-	-	-
Gain on lease modification		(64)	(19)	-	-
Impairment of property, plant and equipment		-	935	-	-
Interest expenses		416	373	-	-
Interest income		(207)	(334)	(1)	(2)
Property, plant and equipment written off		6	34	-	-
Rental income		(186)	(153)	-	-
Reversal of impairment loss on trade receivables		(1)	(1,735)	-	-
Reversal of written-down of inventories		(64)	-	-	-
Written-down of inventories		-	7	-	-
Waiver of lease payment		(12)	(51)	-	-
Unrealised foreign exchange (gain)/loss - net		(43)	118	-	-
Operating profit/(loss) before working capital changes		13,095	17,722	(147)	(447)
Increase in inventories		(129)	(3,128)	-	-
(Increase)/decrease in receivables		(186)	(2,812)	16	(17)
Increase in payables		107	338	29	16
(Increase)/decrease in amount due from a subsidiary		-	-	(2,988)	168
Cash generated from/(used in) operations		12,887	12,120	(3,090)	(280)
Income tax paid		(1,245)	(2,248)	(8)	(6)
Income tax refunded		394	-	-	-
Net cash generated from/(used in) operating activities		12,036	9,872	(3,098)	(286)

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

## STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from investing activities</b>					
Disposal of subsidiary, net of cash and cash equivalents		-	225	-	-
Dividend received		-	-	9,000	6,000
Interest received		207	334	1	2
Proceeds from disposal of property, plant and equipment		31	-	-	-
Purchase of property, plant and equipment		(1,121)	(2,569)	-	-
Rental received		186	153	-	-
Net cash (used in)/generated from investing activities		(697)	(1,857)	9,001	6,002
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities - hire purchase arrangements		(57)	(151)	-	-
Repayment of term loans		(1,413)	(2,282)	-	-
Interest paid		(416)	(373)	-	-
Payment of lease liabilities		(3,870)	(3,584)	-	-
Purchase of treasury shares	17	-	(50)	-	(50)
Dividend paid	30	(5,914)	(5,687)	(5,914)	(5,687)
Net cash used in financing activities		(11,670)	(12,127)	(5,914)	(5,737)
<b>Net decrease in cash and cash equivalents</b>		<b>(331)</b>	<b>(4,112)</b>	<b>(11)</b>	<b>(21)</b>
Cash and cash equivalents at beginning of the year		22,228	26,118	96	117
Effect of changes in exchange rates on cash and cash equivalents		178	222	-	-
<b>Cash and cash equivalents at end of the year</b>		<b>22,075</b>	<b>22,228</b>	<b>85</b>	<b>96</b>
<b>Cash and cash equivalents comprise:</b>					
Short term deposits with licensed banks	14	8,424	8,262	-	-
Cash and bank balances	15	13,651	13,966	85	96
		<b>22,075</b>	<b>22,228</b>	<b>85</b>	<b>96</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are located at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The ultimate and immediate holding company of the Company is Lee Swee Kiat & Sons Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 396 (2024: 399) and 4 (2024: 4) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2026.

#### 2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information have been rounded to the nearest thousand (RM'000), unless otherwise stated.

#### 3. Material accounting policy information

All material accounting policy information set out below are consistent with those applied in the previous financial year.

##### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances. Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (a) Basis of consolidation (continued)

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

#### Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

#### (b) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an indefinite useful life and is therefore not depreciated.

No depreciation is provided for capital work-in-progress until the assets are ready for their intended use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold buildings	2%
Plant and machinery	10%
Furniture, fittings, factory and office equipment	3% - 33%
Motor vehicles	10% - 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (c) Intangible assets

##### Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### (d) Investment in subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

#### (e) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw material, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (g) Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (h) Interest bearing loans and borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. All other borrowing costs are charged to profit or loss. Borrowings are derecognised from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in profit or loss. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### (i) Leases

##### As Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (i) Leases (continued)

##### As Lessee (continued)

The Group did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137: Provision, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies MFRS 136: Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

##### As Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to financial periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies MFRS 15: Revenue from Contract with Customers to allocate the consideration under the contract to each component.

#### (j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (j) Equity instruments (continued)

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

#### (k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS (*cont'd*)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (l) Employee benefits

##### i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period as incurred.

##### iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

#### (m) Revenue recognition

The Group recognises revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below:

- i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- iii Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- v Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

- i Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or
- ii Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- iii Provides benefits that the customer simultaneously receives and consumes as the Group performs.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (m) Revenue recognition (continued)

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

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

#### i Revenue

##### a. Sale of goods

Revenue is recognised at the point in time when the control of goods is transferred to customer with a right of return within a specified period.

An element of significant financing is deemed present for the Group's credit sales, as the payment terms provide customers with a significant benefit of financing.

The Group adjust the promised consideration (total future instalment payments receivable) for the effect of the significant financing component using the discount rate that would be reflected in a separate financing transaction between Group and its customer at contract inception. Any discount or premium arising from the adjustment of the consideration price will be allocated to the performance obligations using a relative stand-alone selling price basis.

The significant financing component is recognised as service income over the credit period using the effective interest method applicable at the inception date. Unearned service incomes as the reporting date are deferred to future periods, and are deducted from the trade receivables balance.

The Group recognised non-refundable trade deposits as revenue, when customers fail to proceed with their purchases from deposits placed as evidenced in sales orders with validity of two years from the date of issue.

##### b. Management fee

Management fee is recognised as and when the services are performed.

##### c. Dividend income

Dividend income represents dividend received from unquoted investments, and is recognised when the right to receive payment is established.

##### d. Service income

Service income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (m) Revenue recognition (continued)

##### ii Other income

##### a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

##### b. Rental income

Rental income from operating lease (net of any incentive given to the lease) is recognised on an accrual basis.

#### (n) Foreign currencies transactions

##### i Functional and presentation currency

The individual financial statements of each entity in 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 also the Group's functional currency.

##### ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (n) Foreign currencies transactions (continued)

##### ii Foreign currency transactions (continued)

The principal closing rates used in translation of foreign currency amounts are as follows:

	2025 RM	2024 RM
1 United States Dollar (USD)	4.06	4.47
1 Australian Dollar (AUD)	2.71	2.76
1 Euro (EUR)	4.76	4.63
1 Chinese Yuan (CNY)	0.58	0.61

#### (o) Impairment of non-financial assets

The Group assesses at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### (p) Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, deposits with financial institutions, investments, receivables, payables, lease liabilities and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to financial instruments classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (p) Financial instruments (continued)

##### Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets is as below:

##### i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

##### ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (p) Financial instruments (continued)

##### Financial liabilities

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

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

##### ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

##### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

#### (q) Impairment of financial assets

Financial assets measured at amortised cost, financial guarantee contracts and lease receivables will be subject to the impairment requirement in MFRS 9: Financial Instruments, which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (q) Impairment of financial assets (continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- (i) debt securities that are determined to have low credit risk at the reporting date; and
- (ii) other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

The Group and the Company consider a financial asset to be in default when:

- (i) The receivables are unable to pay their credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- (ii) The contractual payment of the financial asset is more than 180 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses resulting from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows due to an entity under the contract and the cash flows the entity expects to receive.

The Group and Company apply the 3-stage general approach to measuring expected credit losses for its lease receivables, other trade receivables, other receivables which are financial assets and amount owing by subsidiary.

Under this approach, the Group and the Company assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider there has been a significant increase in credit risk when there are changes in contractual terms or delays in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 180 days past due in making a contractual payment.

The Group and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:

Category	Definition of Category	Loss Allowance
Stage 1: Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Stage 2: Underperforming	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Stage 3: Not performing	There is evidence indicating the receivable is credit impaired or more than 180 days past due	Lifetime expected credit losses

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (q) Impairment of financial assets (continued)

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD). In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the receivables;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the receivables will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset due to financial difficulties.

The amount of impairment losses (or reversal) is recognised in profit or loss as an impairment gain or loss.

#### (r) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) of identical asset in active markets
- Level 2: Inputs other at quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the assets are not based on observable market data (unobservable inputs)

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 3. Material accounting policy information (continued)

#### (s) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements, if any.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

#### (t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and measurement basis of segment information.

#### (u) 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 may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

#### (v) Earnings per share

##### i Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

##### ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

#### 4. Adoption of new and revised Malaysian Financial Reporting Standards (“MFRS”) and interpretations (“MFRSs”)

##### MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title	Effective Date
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates	1 January 2025

The adoption of above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and to the Company's existing accounting policies.

##### MFRSs that have been issued but only effective for financial period beginning on 1 January 2026 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title	Effective Date
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9: Financial Instruments	1 January 2026
Amendments to MFRS 10: Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107: Statement of Cash Flows	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates	1 January 2027
Amendments to MFRS 10: Consolidated Financial Statements	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures	Deferred

#### 5. Significant accounting judgement and estimates

##### Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

##### (a) Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment over their estimated useful lives after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 3(b) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Impairment of property, plant and equipment

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 5. Significant accounting judgement and estimates (continued)

#### Key sources of estimation uncertainty (continued)

##### (c) Impairment of investments

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. The recoverable amounts of these investments have been determined based on their fair value less costs to sell. The fair value less costs to sell was arrived at by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at each statement of financial position date.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

##### (d) Impairment of intangible assets

The Group determines whether the goodwill which has indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill belongs to.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are as disclosed in Note 8.

##### (e) Loss allowances for financial assets

The Group recognises impairment losses for receivables under the expected credit loss model. Individually significant receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

##### (f) Write-down of inventories to the lower of cost and net realisable value

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred on marketing, selling and distribution. Estimates of net realisable value are based on the most reliable evidence available at the time of the estimates are made, of the amount the inventories are expected to realise. Due to the nature of the inventories, significant judgement is required in estimating the net realisable value of premium products that are targeted towards the niche market segment and the moving life style trends.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 5. Significant accounting judgement and estimates (continued)

#### Key sources of estimation uncertainty (continued)

##### (g) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (h) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

##### (i) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

##### (j) Determination of lease term

The Group determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. As disclosed in Note 7, the Group has a lease contract that include extension and termination option. The Group apply judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group consider all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 6. Property, plant and equipment

Group	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings, factory and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2025	6,961	20,908	29,300	13,494	3,680	1,791	76,134
Additions	-	-	-	1,056	-	65	1,121
Write-offs	-	-	(168)	(318)	-	-	(486)
Disposals	-	-	-	-	(137)	-	(137)
Reclassifications	-	-	481	1,375	-	(1,856)	-
<b>At 31 December 2025</b>	<b>6,961</b>	<b>20,908</b>	<b>29,613</b>	<b>15,607</b>	<b>3,543</b>	<b>-</b>	<b>76,632</b>
<b>Accumulated depreciation</b>							
At 1 January 2025	-	(5,791)	(22,284)	(7,760)	(3,304)	-	(39,139)
Charge for the financial year	-	(418)	(1,424)	(1,503)	(181)	-	(3,526)
Write-offs	-	-	168	312	-	-	480
Disposals	-	-	-	-	137	-	137
<b>At 31 December 2025</b>	<b>-</b>	<b>(6,209)</b>	<b>(23,540)</b>	<b>(8,951)</b>	<b>(3,348)</b>	<b>-</b>	<b>(42,048)</b>
<b>Accumulated impairment loss</b>							
At 1 January 2025	-	-	(935)	-	-	-	(935)
Charge for the financial year	-	-	-	-	-	-	-
<b>At 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>(935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(935)</b>
<b>Carrying amount</b>							
At 31 December 2025	6,961	14,699	5,138	6,656	195	-	33,649

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 6. Property, plant and equipment (continued)

Group	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings, factory and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2024	6,901	20,556	29,298	12,752	3,680	1,241	74,428
Disposal of subsidiary (Note 9)	-	-	-	(167)	-	-	(167)
Additions	60	352	2	1,379	-	776	2,569
Write-offs	-	-	-	(696)	-	-	(696)
Reclassifications	-	-	-	226	-	(226)	-
<b>At 31 December 2024</b>	<b>6,961</b>	<b>20,908</b>	<b>29,300</b>	<b>13,494</b>	<b>3,680</b>	<b>1,791</b>	<b>76,134</b>
<b>Accumulated depreciation</b>							
At 1 January 2024	-	(5,374)	(20,762)	(7,295)	(3,081)	-	(36,512)
Disposal of subsidiary (Note 9)	-	-	-	167	-	-	167
Charge for the financial year	-	(417)	(1,522)	(1,294)	(223)	-	(3,456)
Write-offs	-	-	-	662	-	-	662
<b>At 31 December 2024</b>	<b>-</b>	<b>(5,791)</b>	<b>(22,284)</b>	<b>(7,760)</b>	<b>(3,304)</b>	<b>-</b>	<b>(39,139)</b>
<b>Accumulated impairment loss</b>							
At 1 January 2024	-	-	-	-	-	-	-
Charge for the financial year	-	-	(935)	-	-	-	(935)
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>(935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(935)</b>
<b>Carrying amount</b>							
At 31 December 2024	6,961	15,117	6,081	5,734	376	1,791	36,060

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 6. Property, plant and equipment (continued)

- (a) The carrying amount of plant and machinery, factory equipment and fittings held under capital work-in-progress is RMNil (2024: 1,791,312).
- (b) The freehold land and buildings of the Group are pledged to licensed banks for banking facilities granted to a subsidiary, as disclosed in Note 18.
- (c) Included in motor vehicles with carrying amount of RM112,742 (2024: RM202,936) are right-of-use assets in which is held under hire purchase arrangements with their corresponding lease liabilities disclosed in Note 18.

### 7. Right-of-use assets

	Group Buildings	
	2025 RM'000	2024 RM'000
<b>Carrying amount</b>		
At beginning of the year	5,348	2,528
Disposal of subsidiary (Note 9)	-	(41)
Additions	2,467	2,254
Remeasurement/modification of lease liabilities	4,072	4,253
Derecognition due to lease termination	(565)	-
Depreciation charges	(4,004)	(3,646)
At end of the year	7,318	5,348

- (a) The Group has lease contracts for showrooms used in its operations. Their lease terms range from 1 to 3 years (2024: 1 to 3 years).
- (b) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- (c) In view of the uncertain economic conditions affected by the pandemic, a tenancy agreement has not been renewed but by mutual consent, the affected premise has continued to be utilised by the Group and the lease deemed as on a rolling basis. Included in depreciation of right-of-use assets and lease liabilities interest amounting to RM129,298 (2024: RM497,495) and RM895 (2024: RM6,005) respectively, totalling RM130,193 (2024: RM503,500) is equivalent to the certain period rental for the said outlet.

### 8. Intangible assets

	Group	
	2025 RM'000	2024 RM'000
At beginning/end of the year	5,858	5,858
Intangible assets comprise: Intellectual properties	5,858	5,858

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 8. Intangible assets (continued)

#### Intellectual properties

- (a) On 3 March 2015, the Group entered into an asset sale and purchase agreement with Englander Sleep Products, L.L.C ("ESP") for the acquisition of ESP's rights to certain intellectual properties, including the trademarks, trade names, service marks and domain names for a cash consideration of RM4,608,100.
- (b) On 21 May 2018, the Group entered into an asset sale and purchase agreement with Mattress Factory Outlet Sdn. Bhd. ("MFO") for the acquisition of MFO's rights to certain intellectual properties, including the trademarks, trade names, service marks and domain names for a cash consideration of RM1,250,000.
- (c) During the financial year, the Group performed an impairment assessment on the recoverable amount of its intellectual properties. The recoverable amount was determined based on value-in-use calculations using cash flow projections derived from financial budgets approved by management, covering a five-year period.

The key assumptions and management's approach in determining the values assigned to each key assumption are as follows:

- (i) Revenue growth – Revenue is projected to remain constant throughout the forecast period, reflecting management's expectation based on historical performance and current market conditions.
- (ii) Discount rate – A discount rate of 4.42% (2024: 4.67%) was applied in determining the recoverable amount. This rate was estimated based on the Group's borrowing rate.

Based on the value-in-use assessment, no impairment loss was recognised for the intangible assets in the current financial year, as the recoverable amount exceeded the carrying amount.

#### Sensitivity to changes in assumptions

Based on the sensitivity analysis performed, the directors are of the opinion that no reasonably possible change in the key assumptions would cause the carrying amount to exceed its recoverable amount.

### 9. Investment in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
<b>Unquoted shares</b>		
<b>Cost</b>		
At beginning/end of the year	69,000	69,000

Name of company	Equity interest held		Principal activities
	2025	2024	
Lee Swee Kiat Holdings Sdn. Bhd.	100%	100%	Investment holding and management.
<u>Subsidiaries of Lee Swee Kiat Holdings Sdn. Bhd.</u>			
LSK Napure Latex Sdn. Bhd.	100%	100%	Manufacturing of natural latex bedding.
LSK Mattressworld Sdn. Bhd.	100%	100%	Manufacturing of mattresses and bedding accessories.
LSK Mattress Marketing Sdn. Bhd.	100%	100%	Marketing and distribution of mattresses and related products.
LSK Lamifoam Sdn. Bhd.	100%	100%	Dormant company.
LSK Italhouse Sdn. Bhd.	100%	100%	Marketing and distribution of mattresses, furniture, related products and retail sale of mattresses.

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY PLT, a member of Nexia International.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 9. Investment in subsidiaries (continued)

## (a) Disposal of Homeplus Furniture Sdn. Bhd. ("HFSB")

**Previous financial year**

On 30 April 2024, Lee Swee Kiat Holdings Sdn. Bhd. entered into a Share Sale Agreement with Wong Shyn Chyuan to dispose 60 ordinary shares of Homeplus Furniture Sdn Bhd, representing 60% equity interest in Homeplus Furniture Sdn. Bhd. for a purchase consideration of RM300,000.

## (i) Summary of the effects of disposal of HFSB:

	2024 RM'000
<b>Recognised:</b>	
Cash consideration received	300
<b>Derecognised:</b>	
<u>Fair value of identifiable net assets at disposal date:</u>	
Property, plant and equipment (Note 6)	-
Right-of-use assets (Note 7)	41
Inventories	341
Receivables	55
Cash and bank balances	75
Payables	(207)
Lease liabilities	(44)
Net assets disposed off	261
Equity attributable to owners of the Company	157
Gain on disposal of investment in subsidiary	143
Net proceeds received	300
Less: Cash and cash equivalents of subsidiary disposed off	(75)
Cash inflows from disposal, net of cash and cash equivalents disposed off	225

## (b) Material partly-owned subsidiary

Set out below is the Group's subsidiary which has a material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated profit of non-controlling interests	
	2025	2024	2025	2024	2025	2024
	%	%	RM'000	RM'000	RM'000	RM'000
Homeplus Furniture Sdn. Bhd .	-	-	-	(11)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 10. Trade receivables

	Group	
	2025 RM'000	2024 RM'000
<b>Non-current</b>		
Instalment payment receivables (a)	9,403	10,166
	<b>9,403</b>	10,166
<b>Current</b>		
Instalment payment receivables (a)	16,990	17,007
Other trade receivables	6,687	6,380
Trade deposits	43	22
	<b>23,720</b>	23,409
Less: Allowance for impairment loss on trade receivables	-	(*)
	<b>23,720</b>	23,409
Less: Allowance of expected credit loss	(3,213)	(2,243)
	<b>20,507</b>	21,166
<b>Total trade receivables</b>	<b>29,910</b>	31,332

(a) Instalment payment receivables

	Group	
	2025 RM'000	2024 RM'000
<b>Instalment receivables including unearned service income</b>		
- due within one year	16,990	17,007
- due between one year and seven years	32,318	33,808
	<b>49,308</b>	50,815
Less: Unearned service income	(22,915)	(23,642)
Less: Allowance of expected credit loss	(3,213)	(2,243)
	<b>23,180</b>	24,930
<b>Unbilled service income</b>		
Less: Allowance of expected credit loss	15,195	13,116
	(1,196)	(720)
	<b>13,999</b>	12,396
<b>Analyses as follows:</b>		
Current	13,777	14,764
Non-current	9,403	10,166
	<b>23,180</b>	24,930

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 10. Trade receivables (continued)

The currency exposure profile of trade receivables of the Group is as follows:

	Group	
	2025 RM'000	2024 RM'000
RM	12,581	15,958
USD	2,757	2,257
EUR	531	597
AUD	41	124
CNY	1	*
	<b>15,911</b>	<b>18,936</b>

The above foreign currency financial assets are exposed to foreign currency risk.

\* Denotes amount below RM1,000

## 11. Inventories

	Group	
	2025 RM'000	2024 RM'000
Raw materials	4,462	5,872
Work-in-progress	197	202
Finished goods	12,327	10,757
Goods-in-transit	448	410
	<b>17,434</b>	<b>17,241</b>
Recognised in profit and loss: Inventories recognised as cost of sales	<b>(77,669)</b>	<b>(80,315)</b>
Amount written down to net realisable value	-	7
Reversal of written down	<b>(64)</b>	-

## 12. Other receivables, deposits and prepayments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits - others	2,446	1,185	1	-
Deposits for acquisition of property, plant and equipment	62	912	-	-
Other receivables	22	59	-	1
Prepayment	336	147	-	16
	<b>2,866</b>	<b>2,303</b>	<b>1</b>	<b>17</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 12. Other receivables, deposits and prepayments (continued)

An aggregate amount of RM61,702 (2024: RM911,996) included in the deposits for acquisition of property, plant and equipment has been accounted for in capital commitments, as disclosed in Note 33.

Included in current year's deposit for acquisition of property, plant and equipment is a foreign currency financial asset with an aggregate amount RM61,702 denominated in CNY which is exposed to foreign currency risk.

### 13. Amount due from a subsidiary

The amount due from a subsidiary is as follows:

	Company	
	2025	2024
	RM'000	RM'000
Lee Swee Kiat Holdings Sdn. Bhd.	3,847	859

Amount due from a subsidiary represents non-trade advances and is unsecured, interest free and is repayable on demand.

### 14. Short term deposits with licensed banks

	Group	
	2025	2024
	RM'000	RM'000
Short term deposits with licensed banks	8,424	8,262

The money market funds which amount to RM8,424,107 (2024: RM8,262,080) represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

### 15. Cash and bank balances

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash in hand	201	326	-	-
Cash at bank (USD)	569	1,493	-	-
Cash at bank (RM)	12,881	12,147	85	96
Cash and bank balances	13,651	13,966	85	96

The cash at bank (USD) is a foreign currency financial asset which is exposed to foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 16. Share capital

	Group and Company			
	2025 '000 Unit	2024 '000 Unit	2025 RM'000	2024 RM'000
<b>Issued and fully paid ordinary shares</b>				
At beginning of the year	251,724	167,816	16,782	16,782
Issuance of bonus shares	-	83,908	-	-
At end of the year	251,724	251,724	16,782	16,782

On 25 June 2024, the Company completed the bonus issue of 83,907,800 shares on the basis of one (1) bonus share for every two (2) existing ordinary share held on the entitlement date.

## 17. Treasury shares

During the financial year, the Company repurchased Nil (2024: 55,000) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RMNil (2024: RM0.912) per ordinary share.

As at the end of the financial year, the Company held 70,480 (2024: 70,480) treasury shares out of its 251,723,504 (2024: 251,723,504) issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM20,891 (2024: RM20,891).

## 18. Borrowings

	Group	
	2025 RM'000	2024 RM'000
<b>Current</b>		
Lease liabilities under hire purchase arrangements	59	57
Term loans (secured)	643	1,413
	702	1,470
<b>Non-current</b>		
Lease liabilities under hire purchase arrangements	158	217
Term loans (secured)	318	961
	476	1,178
<b>Total borrowings</b>		
Lease liabilities under hire purchase arrangements	217	274
Term loans (secured)	961	2,374
	1,178	2,648

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 18. Borrowings (continued)

Interest rates during the financial year are as follows:

	Group	
	2025 Per annum	2024 Per annum
Bank overdrafts	7.64%-7.67%	7.89%-7.92%
Lease liabilities under hire purchase arrangements	3.84%	3.84%-6.23%
Term loans	4.42%-5.57%	4.00%-5.62%

The bank overdrafts, bills payable and term loans are secured by the following:

- specific debenture over machinery/equipment;
- freehold land and buildings of a subsidiary, as disclosed in Note 6(b);
- letter of negative pledge; and
- corporate guarantee by the Company.

As at the end of the financial year, there was no bank overdraft and bill payables balance, however the facility is still available.

	Group	
	2025 RM'000	2024 RM'000
<b>Lease liabilities under hire purchase arrangements</b>		
Repayment terms:		
- not later than 1 year	66	66
- later than 1 year and not later than 2 years	66	66
- later than 2 years and not later than 5 years	99	164
Total lease payments	231	296
Future finance charges on lease liabilities	(14)	(22)
Present value of lease liabilities	217	274
Present value of lease liabilities		
- not later than 1 year	59	57
- later than 1 year and not later than 2 years	61	59
- later than 2 years and not later than 5 years	97	158
	217	274

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 18. Borrowings (continued)

The movement of lease liabilities under hire purchase arrangements during the financial year is as follows:

	Group	
	2025	2024
	RM'000	RM'000
At beginning of the year	274	425
Lease payments	(65)	(178)
Interest expense recognised in the statements of comprehensive income		
- Lease liabilities interest under hire purchase arrangements	8	27
At end of the year	217	274

	Group	
	2025	2024
	RM'000	RM'000
<b>Term loans</b>		
Repayment terms:		
- not later than 1 year	643	1,413
- later than 1 year and not later than 2 years	191	643
- later than 2 years and not later than 5 years	127	318
	961	2,374

## 19. Lease liabilities

	Group	
	2025	2024
	RM'000	RM'000
Current	4,167	2,472
Non-current	3,286	2,953
	7,453	5,425
The repayment terms of lease liabilities is as follows:		
- not later than 1 year	4,419	2,666
- later than 1 year and not later than 5 years	3,380	3,068
Total lease payments	7,799	5,734
Future finance charges on lease liabilities	(346)	(309)
Present value of lease liabilities	7,453	5,425
Present value of lease liabilities		
- not later than 1 year	4,167	2,472
- later than 1 year and not later than 5 years	3,286	2,953
	7,453	5,425

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 19. Lease liabilities (continued)

The movement of lease liabilities during the financial year is as follows:

	Group	
	2025 RM'000	2024 RM'000
At beginning of the year	5,425	2,616
Disposal of subsidiary (Note 9)	-	(44)
Additions	2,467	2,254
Termination of lease	(574)	-
Remeasurement/modification of lease	4,017	4,234
Waiver of lease payment	(12)	(51)
Repayment of principal	(3,870)	(3,584)
Repayment of interest expenses	(333)	(185)
Interest expense recognised in the statements of comprehensive income - Lease liabilities interest	333	185
At end of the year	7,453	5,425

### 20. Deferred tax liabilities

	Group	
	2025 RM'000	2024 RM'000
At beginning of the year	5,559	5,767
Recognised in the statements of comprehensive income (Note 28)	59	(208)
At end of the year	5,618	5,559
Presented after appropriate offsetting as follows:		
Deferred tax assets	(2,714)	(1,875)
Deferred tax liabilities	8,332	7,434
	5,618	5,559

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Lease liabilities RM'000	Group Other deductible temporary differences RM'000	Total RM'000
<b>Deferred tax assets</b>			
At 1 January 2025	(1,250)	(625)	(1,875)
Recognised in the statements of comprehensive income - current year	(539)	(300)	(839)
At 31 December 2025	(1,789)	(925)	(2,714)
At 1 January 2024	(533)	(579)	(1,112)
Recognised in the statements of comprehensive income - current year	(717)	(46)	(763)
At 31 December 2024	(1,250)	(625)	(1,875)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 20. Deferred tax liabilities (continued)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

	Right-of-use assets RM'000	Other taxable temporary differences RM'000	Group Temporary differences between capital allowances and depreciation RM'000	Total RM'000
<b>Deferred tax liabilities</b>				
At 1 January 2025	1,234	3,148	3,052	7,434
Recognised in the statements of comprehensive income				
- current year	522	516	(140)	898
At 31 December 2025	1,756	3,664	2,912	8,332
At 1 January 2024	518	2,940	3,421	6,879
Recognised in the statements of comprehensive income				
- current year	716	208	(369)	555
At 31 December 2024	1,234	3,148	3,052	7,434

## 21. Trade payables

	Group 2025 RM'000	2024 RM'000
Trade payables	10,957	11,247
Trade deposits received	8,626	8,726
Deferred revenue	500	475
	20,083	20,448

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2024: 30 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	Group 2025 RM'000	2024 RM'000
RM	14,047	15,299
USD	5,533	4,674
CNY	3	-
	19,583	19,973

The above foreign currency financial liabilities are exposed to foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 22. Other payables, accruals and deposits received

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sundry payables	5,554	5,938	36	10
Amount due to a related party	3	-	-	-
Accruals	253	238	45	42
	<b>5,810</b>	6,176	<b>81</b>	52

The amount due to related party, Rezttec Industries Sdn. Bhd., is interest free and is payable on demand.

The currency exposure profile of other payables, accruals and deposits received of the Group and the Company is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
RM	5,644	5,831	81	52
USD	74	130	-	-
EUR	92	215	-	-
	<b>5,810</b>	6,176	<b>81</b>	52

The above foreign currency financial liabilities are exposed to foreign currency risk.

### 23. Revenue

Revenue consists of the followings:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sale of goods	115,772	125,984	-	-
Management fee	-	5	253	305
Dividend income	-	-	9,000	6,000
Service income	10,346	10,342	-	-
	<b>126,118</b>	136,331	<b>9,253</b>	6,305

Revenue arising from sales of goods is recognised at the point in time as or when the customer obtains control of the promised goods for each performance obligation. Earned service income on instalment sales is recognised using the effective interest method over time, over 36 months to 84 months (2024: 36 months to 84 months).

Included in the sales of goods are trade deposits forfeited amounting to RM628,739 (2024: RM747,957).

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Timing of revenue recognition:				
At a point in time	115,772	125,989	9,253	6,305
Over time	10,346	10,342	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 24. Profit from operations

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Profit from operations is arrived at after charging:</b>				
Auditors' remuneration:				
- Statutory audit	200	185	40	37
- Non-statutory audit	-	69	-	60
Allowance of expected credit loss	970	1,620	-	-
Depreciation of property, plant and equipment	3,526	3,456	-	-
Depreciation of right-of-use assets	4,004	3,646	-	-
Impairment of property, plant and equipment	-	935	-	-
Property, plant and equipment written-off	6	34	-	-
Unrealised foreign exchange loss - net	-	118	-	-
Written-down of inventories	-	7	-	-
Staff costs (Note 25)	21,441	20,253	192	213
<b>and after crediting:</b>				
Bad debts recovered	-	7	-	-
Interest income	207	334	1	2
Fair value gain on short term deposits with licensed banks	154	207	-	-
Forfeited deposits	629	748	-	-
Gain on disposal of investment	114	-	-	-
Gain on disposal of investment in subsidiary	-	143	-	-
Gain on disposal of property, plant and equipment	31	-	-	-
Gain on lease modification	64	19	-	-
Rental income	186	153	-	-
Realised foreign exchange gain - net	148	175	-	-
Reversal of impairment loss on trade receivables	1	1,735	-	-
Reversal of written-down of inventories	64	-	-	-
Unrealised foreign exchange gain - net	43	-	-	-
Waiver of lease payment	12	51	-	-

## 25. Staff costs

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries, wages and remuneration	19,403	18,258	165	205
Employment Insurance Scheme	13	12	-	-
Employees Provident Fund	1,202	1,166	-	-
Social security costs	276	230	-	-
Others staff related expenses	547	587	27	8
	21,441	20,253	192	213

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 25. Staff costs (continued)

The remuneration of Directors and other members of key management during the year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Directors</b>				
Executive:				
Salaries and other emoluments	1,545	1,873	-	-
Fees	24	24	24	24
	<b>1,569</b>	1,897	<b>24</b>	24
Non-executive:				
Other emoluments	9	31	9	31
Fees and allowances	132	150	132	150
	<b>141</b>	181	<b>141</b>	181
<b>Grand total</b>	<b>1,710</b>	2,078	<b>165</b>	205

The remuneration of Executive Directors and other members of key management during the year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short-term employee benefits	1,387	1,687	24	24
Post-employment benefits:				
Defined contribution plan	182	210	-	-
	<b>1,569</b>	1,897	<b>24</b>	24
Included in the total key management personnel is:				
Executive Directors' remuneration	<b>1,569</b>	1,897	<b>24</b>	24

Details of Directors' remuneration of the Group and the Company are further analysed in Note 26.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 26. Directors' remuneration

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Directors</b>				
Executive:				
Salaries and other emoluments	1,569	1,897	24	24
Non-executive:				
Fees and allowances	141	181	141	181
<b>Grand total</b>	<b>1,710</b>	<b>2,078</b>	<b>165</b>	<b>205</b>

The remuneration of each Director is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Lee Ah Bah @ Lee Swee Kiat	324	384	-	-
Tan Kuin Luan	264	324	-	-
Dato' Lee Kong Sim	981	1,189	24	24
Wong Yoke San	51	51	51	51
Seow Nyoke Yoong*	-	40	-	40
Lee Kong Hooi	45	45	45	45
Ng Fong Fong	45	45	45	45
	<b>1,710</b>	<b>2,078</b>	<b>165</b>	<b>205</b>

\* The Director's remuneration has been accounted for up to his date of retirement.

## 27. Finance costs

	Group	
	2025 RM'000	2024 RM'000
Interest expenses on borrowings:		
- lease liabilities under hire purchase arrangements	8	27
- lease liabilities	333	185
- term loans	75	161
	<b>416</b>	<b>373</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 28. Taxation

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Malaysian income tax</u>				
Current year	412	1,618	6	9
(Over)/under provision in prior years	(51)	128	(1)	(*)
	361	1,746	5	9
<u>Deferred tax (Note 20)</u>				
Current year	64	(225)	-	-
(Over)/under provision in prior years	(5)	17	-	-
	59	(208)	-	-
	420	1,538	5	9

The reconciliations of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	5,678	10,930	8,854	5,555
Tax at Malaysian statutory tax rate of 24% (2024: 24%)	1,363	2,623	2,125	1,333
Tax effects of:				
- expenses not deductible for tax purposes	253	300	41	116
- income not subject to tax	(66)	(87)	(2,160)	(1,440)
- double tax deductions	(138)	(139)	-	-
- other deductible tax incentive	(587)	(905)	-	-
- deferred tax assets not recognised	3	-	-	-
- utilisation of deferred tax assets not recognised previously	(352)	(399)	-	-
(Over)/under provision of income tax in prior years	(51)	128	(1)	(*)
(Over)/under provision of deferred tax in prior years	(5)	17	-	-
Tax expense for the year	420	1,538	5	9

The unabsorbed tax losses are allowed to be utilised for 10 (2024: 10) consecutive years of assessment while the unutilised capital allowances are allowed to be carried forward indefinitely.

Subject to the agreement by Inland Revenue Board, the certain subsidiaries of the Group has estimated unabsorbed tax losses and unutilised capital allowances carried forward of RM582,000 (2024: RM1,904,000) and RM1,000 (2024: RM1,000) respectively at year end to set off against future chargeable income.

The certain subsidiaries of the Group's unabsorbed tax losses of RM526,000, RM10,000, RM10,000, RM12,000, RM12,000 and RM12,000 can be carried forward up to YA2030, YA2031, YA2032, YA2033, YA2034 and YA2035 (2024: RM529,000, RM1,341,000, RM10,000, RM12,000 and RM12,000 can be carried forward up to YA2030, YA2031, YA2032, YA2033 and YA2034) respectively.

NOTES TO THE FINANCIAL STATEMENTS (*cont'd*)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

**28. Taxation (continued)**

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

	Group	
	2025 RM'000	2024 RM'000
Unabsorbed tax losses	(140)	(457)
Unutilised capital allowances	(*)	(*)
Deductible temporary differences:		
- property, plant and equipment	-	(30)
- right-of-use assets	-	(2)
	<b>(140)</b>	<b>(489)</b>

The above deferred tax assets have not been recognised in financial statements as the Directors are uncertain whether future taxable profit will be available against which the Group can recover all or part of these assets.

\* Denotes amount below RM1,000

**29. Earnings per share**

Basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2025 RM'000	2024 RM'000
Profit after taxation attributable to owners of the Company	<b>5,258</b>	9,403
Weighted average number of ordinary shares in issue	<b>251,724</b>	249,988
Basic earnings per share (sen)	<b>2.09</b>	3.76

**30. Dividends**

	Group and Company	
	2025 RM'000	2024 RM'000
Interim single tier dividend of 2.35 sen per ordinary share on 251,653,024 ordinary shares, declared on 26 February 2025 and paid on 28 March 2025 in respect of financial year ended 31 December 2024	<b>5,914</b>	-
Interim single tier dividend of 3.5 sen per ordinary share on 161,357,304 ordinary shares, declared on 27 February 2024 and paid on 5 April 2024 in respect of financial year ended 31 December 2023	-	5,648
Share dividend distribution of 6,411,413 treasury shares on a basis of one (1) treasury share for every twenty-five (25) existing ordinary shares held, declared on 27 February 2024 in respect of financial year ended 31 December 2023:		
- treasury shares distributed on 5 April 2024	-	2,850
- cash dividend in lieu of treasury shares to entitled shareholders with holdings of fewer than 2,500 ordinary shares, in order to reduce the incidence of odd lots was paid on 5 April 2024	-	39
	<b>5,914</b>	<b>8,537</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 31. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

#### (a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have mostly been placed in short term money market placement or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

#### Interest rate sensitivity analysis

##### i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting year would not affect profit or loss.

##### ii Sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's results would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The Group's floating rate borrowings in RM are exposed to variability in future interest payments. If the Bank's Base Lending Rate (BLR) were to increase/decrease by 0.5%, it would impact the Group's profit after taxation by approximately RM3,651 (2024: RM9,022).

#### (b) Liquidity risk

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (b) Liquidity risk (continued)

The maturity profiles of the Group and the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations are as follows:

	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Maturity	
				Less than 1 year RM'000	Between 2 and 5 years RM'000
<b>Group</b>					
<b>2025</b>					
Trade payables	-	19,583	19,583	19,583	-
Other payables, accruals and deposits received	-	5,810	5,810	5,810	-
Term loan	4.42 – 5.57	961	1,003	672	331
Lease liabilities under hire purchase arrangements	3.84	217	231	66	165
Lease liabilities	4.00 – 4.67	7,453	7,799	4,419	3,380
		<b>34,024</b>	<b>34,426</b>	<b>30,550</b>	<b>3,876</b>
<b>2024</b>					
Trade payables	-	19,973	19,973	19,973	-
Other payables, accruals and deposits received	-	6,176	6,176	6,176	-
Term loan	4.00 – 5.62	2,374	2,494	1,488	1,006
Lease liabilities under hire purchase arrangements	3.84 – 6.23	274	296	66	230
Lease liabilities	4.00 – 4.67	5,425	5,734	2,666	3,068
		<b>34,222</b>	<b>34,673</b>	<b>30,369</b>	<b>4,304</b>
<b>Company</b>					
<b>2025</b>					
Other payables, accruals and deposits received	-	81	81	81	-
Financial guarantee contracts*	-	-	1,003	672	331
		<b>81</b>	<b>1,084</b>	<b>753</b>	<b>331</b>
<b>2024</b>					
Other payables, accruals and deposits received	-	52	52	52	-
Financial guarantee contracts*	-	-	2,494	1,488	1,006
		<b>52</b>	<b>2,546</b>	<b>1,540</b>	<b>1,006</b>

\* Being corporate guarantees granted for banking facilities of the subsidiaries, which will only be encashed in the event of the default by the subsidiaries. The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting year. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

Other payables, accruals and deposits received which are financial liabilities are disclosed in Note 22.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 31. Financial risk management policies (continued)

#### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk primarily from their trade receivables, other receivables and cash and bank balances, all which are financial assets.

As at the current and previous financial year end, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For cash and bank balances, the Group minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

#### Cash and bank balances

The Group's and the Company's cash and bank balances at the financial year end are as follows:

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Short term deposits with licensed banks	14	8,424	8,262	-	-
Cash and bank balances	15	13,651	13,966	85	96
		<b>22,075</b>	<b>22,228</b>	<b>85</b>	<b>96</b>

No expected credit loss on the Group's and the Company's balances were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Receivables

The management's ageing analysis of the Group and the Company's gross receivables (before deducting allowance of expected credit loss) are as follows:

	Note	Total RM'000	Credit impaired RM'000	Current RM'000	Not credit impaired				Total RM'000
					30 days RM'000	60 days RM'000	90 days RM'000	>90 days RM'000	
<b>Group</b>									
<b>2025</b>									
Trade receivables	10	17,928	-	17,340	126	58	38	588	
Other receivables which are financial assets	12	2,530	-	2,528	-	1	1	2	
		20,458	-	19,868	126	59	39	590	
<b>2024</b>									
Trade receivables	10	20,459	*	18,594	466	297	506	1,865	
Other receivables which are financial assets	12	2,156	-	2,150	-	-	6	6	
		22,615	*	20,744	466	297	512	1,871	

\* Denotes amount below RM1,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Receivables (continued)

	Note	Total RM'000	Credit impaired RM'000	Current RM'000	Not credit impaired				Total RM'000
					30 days RM'000	60 days RM'000	90 days RM'000	>90 days RM'000	
<b>Company</b>									
<b>2025</b>									
Other receivables which are financial assets	12	1	-	1	-	-	-	-	-
Amount due from a subsidiary	13	3,847	-	3,847	-	-	-	-	-
		<b>3,848</b>	<b>-</b>	<b>3,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2024</b>									
Other receivables which are financial assets	12	1	-	1	-	-	-	-	-
Amount due from a subsidiary	13	859	-	859	-	-	-	-	-
		<b>860</b>	<b>-</b>	<b>860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Receivables (continued)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group. The Group's trade receivables credit term ranges from 30 days to 90 days (2024: 30 days to 90 days). Certain receivables' credit terms are assessed and approved on a case by case basis.

Other receivables which are financial assets include sundry receivables, deposits and amount due from a subsidiary.

None of the Group's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amount owing by one (2024: one) major customers which constituted 63% (2024: 70%) of its trade receivables at the end of the reporting year.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	Group	
	2025	2024
	RM'000	RM'000
Domestic	12,496	15,919
United States	1,839	878
Korea	364	533
Canada	317	-
Netherland	283	143
Others	612	1,463
	<b>15,911</b>	<b>18,936</b>

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Impairment on receivables

In managing credit risk of instalment payment receivables, other trade receivables and other receivables which are financial assets, the Group manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade and other receivables will pay within 180 days, while the instalment payment receivables will pay within 1 month. The Group uses an allowance matrix to measure ECLs of instalment payment receivables, other trade receivables and other receivables which are financial assets as follows:

Group 2025	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
Other trade receivables	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	6,730	-	-	6,730
Instalment payment receivables	180 days	Stage 3	Lifetime expected losses	26,393	(3,213)	-	23,180
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	2,530	-	-	2,530
				35,653	(3,213)	-	32,440

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Impairment on receivables (continued)

Group 2024	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
Other trade receivables	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	6,402	-	(*)	6,402
Instalment payment receivables	180 days	Stage 3	Lifetime expected losses	27,173	(2,243)	-	24,930
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	2,156	-	-	2,156
				35,731	(2,243)	(*)	33,488

\* Denotes amount below RM1,000

- i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.
- ii The Group's allowance for impairment loss on trade and other receivables during the current financial year increased by RM969,427 mainly due to the provision for higher impaired trade and other receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables decreased by RM121,837 mainly due to the provision for lower impaired trade and other receivables.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Impairment on receivables (continued)

In managing credit risk of other receivables which are financial assets, the Company manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, other receivables which are financial assets will pay within 180 days. The Company uses an allowance matrix to measure ECLs of other receivables which are financial assets as follows:

Company	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
<b>2025</b>							
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	1	-	-	1
<b>2024</b>							
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	1	-	-	1

- i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.
- ii The Company's allowance for impairment loss on trade and other receivables during the current and previous financial years is RMNil.

NOTES TO THE FINANCIAL STATEMENTS (*cont'd*)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 31. Financial risk management policies (continued)

## (c) Credit risk (continued)

## Financial guarantees

The Company provides financial corporate guarantees to licensed banks in respect of banking facilities granted to the subsidiaries.

The maximum exposure to credit risk amounts to RM1,002,971 (2024: RM2,494,042) representing the outstanding banking facilities of the subsidiaries as at end of the reporting year.

As at the end of the reporting year, there was no indication that any subsidiary would default on repayment.

## (d) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and Euro (EUR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, if any.

The following table shows the accumulated amount of financial assets and liabilities in foreign currency:

Group	Note	USD RM'000	EUR RM'000	AUD RM'000	CNY RM'000	Total RM'000
<b>2025</b>						
<b>Financial assets</b>						
Trade receivables	10	2,757	531	41	1	3,330
Other receivables and deposits	12	-	-	-	62	62
Cash and bank balances	15	569	-	-	-	569
		3,326	531	41	63	3,961
<b>Financial liabilities</b>						
Trade payables	21	5,533	-	-	3	5,536
Other payables, accruals and deposits received	22	74	92	-	-	166
		5,607	92	-	3	5,702
<b>Net financial (liabilities)/assets</b>		<b>(2,281)</b>	<b>439</b>	<b>41</b>	<b>60</b>	<b>(1,741)</b>
<b>2024</b>						
<b>Financial assets</b>						
Trade receivables	10	2,257	597	124	*	2,978
Cash and bank balances	15	1,493	-	-	-	1,493
		3,750	597	124	*	4,471
<b>Financial liabilities</b>						
Trade payables	21	4,674	-	-	-	4,674
Other payables, accruals and deposits received	22	130	215	-	-	345
		4,804	215	-	-	5,019
<b>Net financial (liabilities)/assets</b>		<b>(1,054)</b>	<b>382</b>	<b>124</b>	<b>*</b>	<b>(548)</b>

\* Denotes amount below RM1,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 31. Financial risk management policies (continued)

#### (d) Foreign currency risk (continued)

##### Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonable possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Impact on profit for the year	
	2025 RM'000	2024 RM'000
USD/RM – strengthened/(weakened) 3%	(52)	(24)
EUR/RM – strengthened/(weakened) 3%	10	9
AUD/RM – strengthened/(weakened) 3%	1	3
CNY/RM – strengthened/(weakened) 3%	1	*

\* Denotes amount below RM1,000

#### (e) Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratios at 31 December 2025 and 2024 were as follows:

	Note	2025 RM'000	2024 RM'000
Total borrowings	18	1,178	2,648
Less: Short term deposits with licensed banks (not pledged)	14	(8,424)	(8,262)
Less: Cash and bank balances	15	(13,651)	(13,966)
Net cash		(20,897)	(19,580)
Total equity		79,440	80,096
Gearing ratio		N/A	N/A

N/A – Not applicable

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 32. Segment reporting

## Primary segment reporting - business

The Group is organised into two major business segments as follows:

Business segments	Business activities
Investment holding	Investment holding.
Natural latex and mattress related products	Manufacturing, trading and distribution of mattresses, bedding accessories, laminated foam, polyurethane foam, natural latex foam and other related products.

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
<b>2025</b>					
<b>Revenue</b>					
External revenue	-	126,118	126,118	-	126,118
Intersegment revenue	18,073	36,169	54,242	(54,242)	-
<b>Total revenue</b>	<b>18,073</b>	<b>162,287</b>	<b>180,360</b>	<b>(54,242)</b>	<b>126,118</b>
<b>Results</b>					
Segment results	16,580	7,145	23,725	(17,838)	5,887
Interest income	1	206	207	-	207
<b>Profit from operations</b>	<b>16,581</b>	<b>7,351</b>	<b>23,932</b>	<b>(17,838)</b>	<b>6,094</b>
Interest expenses	-	(570)	(570)	154	(416)
<b>Profit from ordinary activities before taxation</b>	<b>16,581</b>	<b>6,781</b>	<b>23,362</b>	<b>(17,684)</b>	<b>5,678</b>
Taxation	(7)	(413)	(420)	-	(420)
<b>Profit for the financial year</b>	<b>16,574</b>	<b>6,368</b>	<b>22,942</b>	<b>(17,684)</b>	<b>5,258</b>
<b>Other information</b>					
Segment assets	89,657	131,671	221,328	(102,218)	119,110
Tax recoverable	17	659	676	-	676
<b>Consolidated assets</b>	<b>89,674</b>	<b>132,330</b>	<b>222,004</b>	<b>(102,218)</b>	<b>119,786</b>
Segment liabilities	4,764	55,100	59,864	(25,136)	34,728
Deferred taxation	-	5,618	5,618	-	5,618
<b>Consolidated liabilities</b>	<b>4,764</b>	<b>60,718</b>	<b>65,482</b>	<b>(25,136)</b>	<b>40,346</b>
Capital expenditure on property, plant and equipment	-	1,121	1,121	-	1,121
Depreciation of property, plant and equipment	-	3,526	3,526	-	3,526

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 32. Segment reporting (continued)

## Primary segment reporting – business (continued)

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
<b>2025</b>					
<b>Other information (continued)</b>					
Depreciation of right-of-use assets	-	10,030	10,030	(6,026)	4,004
Realised foreign exchange gain - net (Reversal)/allowance of impairment loss	- (1,685)	(148) 969	(148) (716)	- 1,685	(148) 969
Unrealised foreign exchange gain - net	-	(43)	(43)	-	(43)
<b>2024</b>					
<b>Revenue</b>					
External revenue	5	136,326	136,331	-	136,331
Intersegment revenue	14,575	42,291	56,866	(56,866)	-
Total revenue	14,580	178,617	193,197	(56,866)	136,331
<b>Results</b>					
Segment results	14,033	11,385	25,418	(14,449)	10,969
Interest income	2	332	334	-	334
Profit from operations	14,035	11,717	25,752	(14,449)	11,303
Interest expenses	-	(526)	(526)	153	(373)
Profit from ordinary activities before taxation	14,035	11,191	25,226	(14,296)	10,930
Taxation	(29)	(1,509)	(1,538)	-	(1,538)
Profit for the financial year	14,006	9,682	23,688	(14,296)	9,392

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 32. Segment reporting (continued)

## Primary segment reporting – business (continued)

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
<b>2024</b>					
<b>Other information</b>					
Segment assets	88,037	136,110	224,147	(103,777)	120,370
Tax recoverable	1	344	345	-	345
Consolidated assets	88,038	136,454	224,492	(103,777)	120,715
Segment liabilities	4,790	58,651	63,441	(28,381)	35,060
Deferred taxation	-	5,559	5,559	-	5,559
Consolidated liabilities	4,790	64,210	69,000	(28,381)	40,619
(Reversal)/allowance of impairment loss	(2,819)	(122)	(2,941)	2,819	(122)
Capital expenditure on property, plant and equipment	-	2,569	2,569	-	2,569
Depreciation of property, plant and equipment	-	3,456	3,456	-	3,456
Depreciation of right-of-use assets	-	9,672	9,672	(6,026)	3,646
(Loss)/gain on disposal of investment in subsidiary	(380)	-	(380)	523	143
Impairment of property, plant and equipment	-	935	935	-	935
Unrealised foreign exchange loss - net	-	118	118	-	118
Realised foreign exchange gain - net	-	(175)	(175)	-	(175)

## Information about major customer

There is one (2024: one) customer whose transactions arising from sales in the natural latex and mattress related product segment amounting to RM23,139,812 (2024: RM25,972,608) representing more than 10% of the Group's revenue.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 33. Capital commitments

	Group 2025 RM'000	2024 RM'000
Approved and contracted for: Property, plant and equipment*	238	221
Approved but not contracted for: Property, plant and equipment*	-	45,407

\* Included is an amount of RM61,702 (2024: RM911,996) which has been recognised in the deposits for acquisition of property, plant and equipment, as disclosed in Note 12.

### 34. Significant related party transactions

#### (a) Transactions with related parties

Transactions arising from normal business transactions of the Company and its subsidiaries with their related parties during the financial year are as follows:

	Group 2025 RM'000	2024 RM'000
<b>Sales to related parties</b>		
Luis Furniture Centre Sdn. Bhd.	-	17
Reztec Industries Sdn. Bhd.	1	2,034
<b>Purchases from related parties</b>		
Luis Furniture Centre Sdn. Bhd.	-	9
Reztec Marketing Sdn. Bhd.	41	31
<b>Wages recharged by a related party</b>		
Reztec Industries Sdn. Bhd.	36	39
<b>Commission charged by a related party</b>		
Reztec Industries Sdn. Bhd.	67	6
<b>Transportation charged by a related party</b>		
Luis Furniture Centre Sdn. Bhd.	-	12
<b>Rental charged by ultimate and immediate holding company</b>		
Lee Swee Kiat & Sons Sdn. Bhd.	41	197

The related parties are Luis Furniture Centre Sdn. Bhd., Reztec Marketing Sdn. Bhd. and Reztec Industries Sdn. Bhd. in which the executive Directors of the Company have either common Directorship or/and substantial equity interest in these related parties.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 34. Significant related party transactions (continued)

## (b) Compensation of key management personnel

The remuneration of key management personnel including Directors during the financial year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Salaries, allowances and incentive	1,371	1,693	9	31
Fees	156	174	156	174
Employees Provident Fund	182	210	-	-
Social security costs	1	1	-	-
Employment Insurance Scheme	*	*	-	-
<b>Grand total</b>	<b>1,710</b>	<b>2,078</b>	<b>165</b>	<b>205</b>

Included in total remuneration of key management personnel are the Executive Directors' remuneration of the Group and of the Company amounting to RM1,568,653 (2024: RM1,896,977) and RM24,000 (2024: RM24,000) respectively.

The detailed remuneration of each named Directors of the Group during the current financial year is as follows:

	Salaries, allowance, fees and incentives RM'000	Employees Provident Fund RM'000	Social security costs RM'000	Employment Insurance Scheme RM'000	Total RM'000
Lee Ah Bah @					
Lee Swee Kiat	324	-	-	-	324
Tan Kuin Luan	264	-	-	-	264
Dato' Lee Kong Sim	798	182	1	*	981
Wong Yoke San	51	-	-	-	51
Lee Kong Hooi	45	-	-	-	45
Ng Fong Fong	45	-	-	-	45
	<b>1,527</b>	<b>182</b>	<b>1</b>	<b>*</b>	<b>1,710</b>

\* Denotes amount below RM1,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

### 35. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ["AC"]  
 (b) Fair value through profit or loss ["FVTPL"]

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>2025</b>			
<b>Group</b>			
<b>Non-derivative financial assets</b>			
Trade receivables	15,911	15,911	-
Other receivables and deposits	2,530	2,530	-
Short term deposits with licensed banks	8,424	707	7,717
Cash and bank balances	13,651	13,651	-
At 31 December 2025	40,516	32,799	7,717
<b>Non-derivative financial liabilities</b>			
Trade payables	19,583	19,583	-
Other payables, accruals and deposits received	5,810	5,810	-
Lease liabilities	7,453	7,453	-
Borrowings	1,178	1,178	-
At 31 December 2025	34,024	34,024	-
<b>Company</b>			
<b>Non-derivative financial assets</b>			
Other receivables and deposits	1	1	-
Amount due from a subsidiary	3,847	3,847	-
Cash and bank balances	85	85	-
At 31 December 2025	3,933	3,933	-
<b>Non-derivative financial liabilities</b>			
Other payables, accruals and deposits received	81	81	-
At 31 December 2025	81	81	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

## 35. Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>2024</b>			
<b>Group</b>			
<b>Non-derivative financial assets</b>			
Trade receivables	18,936	18,936	-
Other receivables and deposits	2,156	2,156	-
Short term deposits with licensed banks	8,262	556	7,706
Cash and bank balances	13,966	13,966	-
At 31 December 2024	43,320	35,614	7,706
<b>Non-derivative financial liabilities</b>			
Trade payables	19,973	19,973	-
Other payables, accruals and deposits received	6,176	6,176	-
Lease liabilities	5,425	5,425	-
Borrowings	2,648	2,648	-
At 31 December 2024	34,222	34,222	-
<b>Company</b>			
<b>Non-derivative financial assets</b>			
Other receivables and deposits	1	1	-
Amount due from a subsidiary	859	859	-
Cash and bank balances	96	96	-
At 31 December 2024	956	956	-
<b>Non-derivative financial liabilities</b>			
Other payables, accruals and deposits received	52	52	-
At 31 December 2024	52	52	-

## 36. Fair values

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of long-term floating rate term loans is reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the current and previous financial year.

## 37. Significant and subsequent events

On 13 June 2023, LSK Mattressworld Sdn. Bhd. ("LSKMW") paid a booking fee of RM908,146 for the proposed acquisition of industrial land from Golden Valley Development Sdn. Bhd. In the prior year, the developer revised the factory design and layout based on LSKMW's requirements. However, the acquisition was subsequently aborted due to a substantial increase in the purchase price following these modifications. The booking fee was fully refunded in March 2026.

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lee Ah Bah @ Lee Swee Kiat and Dato' Lee Kong Sim, being two of the Directors of Lee Swee Kiat Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 73 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2026.

**Lee Ah Bah @ Lee Swee Kiat**  
Executive Chairman

Klang

**Dato' Lee Kong Sim**  
Managing Director

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Dato' Lee Kong Sim, being the Director primarily responsible for the financial management of Lee Swee Kiat Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 73 to 133 are in my opinion 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 Dato' Lee Kong Sim  
at Petaling Jaya in the state of Selangor  
on 8 April 2026

**Dato' Lee Kong Sim**  
Managing Director

Before me,

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD

[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Lee Swee Kiat Group Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 73 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

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

## INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD

[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

### Key Audit Matters (continued)

1. Trade receivables

The carrying amount of trade receivables as at 31 December 2025: RM29,910,198.

We refer to the consolidated financial statements: Note 3(p) "Financial instruments", Note 3(q) "Impairment of financial assets", Note 5(e) "Loss allowances for financial assets" and Note 10 "Trade receivables".

<b>Key audit matter</b>	<b>Our response</b>
<p style="text-align: center;"><b>Recoverability of trade receivables</b></p> <p>The Group's trade receivables amounted to RM29.9 million, representing approximately 25% of the Group's total assets as at 31 December 2025.</p> <p>The assessment of recoverability of receivables involved judgement and estimation uncertainty in analysing historical bad debts, customers credit concentration, creditworthiness and payment terms.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's credit risk policy, and tested the processes used by management to assess credit risk exposures.</li> <li>• We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss including the expected credit loss assumption, which including consideration of the current economic situation.</li> <li>• We tested the accuracy and completeness of the data used by the management.</li> <li>• We reviewed the adequacy of the amount of impairment loss and inquired the management regarding the recoverability of trade receivables that are past due but not impaired balances and review customers' correspondences and past payment settlements.</li> <li>• We evaluated the appropriateness and adequacy of the disclosures of expected credit loss in accordance with MFRS 9 <i>Financial Instruments</i>.</li> <li>• We sent confirmations of the balances of significant receivables.</li> </ul>

# INDEPENDENT AUDITORS' REPORT *(cont'd)*

TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD  
[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

## Key Audit Matters (continued)

### 2. Intangible assets

The carrying amount of intangible assets as at 31 December 2025: RM5,858,100.

We refer to the consolidated financial statements: Note 3(c) "Intangible assets", Note 5(d) "Impairment of intangible assets" and Note 8 "Intangible assets".

#### Key audit matter

On an annual basis, Management is required to perform an impairment assessment for their intangible assets.

We determine this to be a key audit matter as it involves significant estimation of the value in use and is based on assumptions that are affected by expected future market and economic conditions.

#### Our response

Our audit procedures included, among others:

- Examine the cash flow forecasts which support Management's intangible assets impairment assessment. We evaluate the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expense to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations;
- Perform sensitivity analysis on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value;
- Review the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive;
- Challenge the appropriateness of the useful lives of intangible assets.

### 3. Inventories

The carrying amount of inventories as at 31 December 2025: RM17,434,117.

We refer to the consolidated financial statements: Note 3(e) "Inventories", Note 5(f) "Write-down of inventories to the lower of cost and net realisable value" and Note 11 "Inventories".

#### Key audit matter

The cost of inventories may not be recoverable if those inventories are damaged, if they become wholly or partially obsolete, or if their selling prices have declined. The Management reviews for any necessary write-down at the financial year end.

We determine this as a key audit matter as inventories represent a significant component of the Group's statements of financial position and, due to the nature of the inventories, the estimation of the net realisable values of the inventories involved significant judgement by the Management.

#### Our response

Our audit procedures included, among others:

- Obtain and review the list of slow moving, damaged or obsolete inventories;
- Assess the Group's processes used to identifying slow moving, damaged or obsolete inventories;
- Assess the Group's judgement made to the net realisable value of slow moving, damaged or obsolete inventories;
- Inquire Management the reasons if slow moving, damaged or obsolete inventories are not written-down to its net realisable value.

## INDEPENDENT AUDITORS' REPORT (cont'd)

TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD

[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information included in the 2025 Annual Report. The other information comprises the Directors' Report which was obtained prior to the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The other sections of the 2025 Annual Report, including the Statement on Risk Management and Internal Control are expected to be made available to us subsequently.

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, International Financial Reporting 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 Group's and the Company's ability 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 and the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT AUDITORS' REPORT *(cont'd)*

TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD  
[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

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

- 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Other Matters

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

**Nexia SSY PLT**  
201906000679 (LLP0019490-LCA) & AF 002009  
Chartered Accountants

**Bavany a/p Chellappan**  
No. 03138/09/2027 J  
Chartered Accountant

Shah Alam  
8 April 2026

## LIST OF PROPERTIES

	Location	Description	Existing Use	Tenure	Land area/built up area	Net book value @ 31/12/2025 (RM)
(1)	Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor D.E.	Office cum factory	Corporate head office and mattress factory	Freehold	Approximately 210,000 sq feet / 150,000 sq feet	11,402,016
(2)	Wisma LSK, Lot 6122, Jalan Haji Salleh, Off Jalan Meru, 41050 Klang, Selangor D.E.	Factory II	Factory for latex foam	Freehold	Approximately 210,000 sq feet / 120,000 sq feet	8,302,053
(3)	No. 19-2, Jalan Klang Sentral 9/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,875 sq feet	152,822
(4)	No. 9-2, Jalan Klang Sentral 9/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,650 sq feet	142,314
(5)	No. 26-1, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation (Temporary renting out)	Freehold	Approximately 1,187 sq feet	140,176
(6)	No. 9-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,371 sq feet	177,781
(7)	No. 30-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,371 sq feet	144,800
(8)	No. 32-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,385 sq feet	148,693
(9)	No. 21-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,575 sq feet	135,958
(10)	No. 7-2, Jalan Klang Sentral 6/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation (Temporary renting out)	Freehold	Approximately 1,450 sq feet	138,573
(11)	No. 34-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,540 sq feet	179,619
(12)	No. 31-1, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,216 sq feet	203,226
(13)	No. 31-1, Jalan Klang Sentral 7/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,421 sq feet	221,014
(14)	No. 31-2, Jalan Klang Sentral 7/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,356 sq feet	171,057

## ANALYSIS OF SHAREHOLDINGS

AS OF 27 MARCH 2026

Total Number of Issued Shares	: 251,723,504 Ordinary Shares
Number of Treasury Shares	: 7,651,680 Ordinary Shares
Class of Shares	: Ordinary Shares
Voting Rights	: One Vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Holdings	No. of Shareholders	%	No. of Shares	% <sup>(^)</sup>
1 - 99	2,477	39.467	176,825	0.072
100 – 1,000	2,036	32.441	577,582	0.236
1,001 – 10,000	917	14.611	4,322,980	1.771
10,001 – 100,000	725	11.551	22,376,889	9.168
100,001 – 12,203,590 (*)	118	1.880	97,808,776	40.073
12,203,591 and above (**)	3	0.047	118,808,772	48.677
<b>Total</b>	<b>6,276</b>	<b>100.000</b>	<b>244,071,824</b>	<b>100.000</b>

(\*) Less than 5% of issued shares

(\*\*) 5% and above of issued shares

(^) Based on the total number of issued shares in the Company excluding 7,651,680 Ordinary Shares bought back by the Company and retained as treasury shares as of 27 March 2026

## SUBSTANTIAL SHAREHOLDERS (As per Register of Substantial Shareholders)

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% <sup>(^)</sup>	No. of Shares	% <sup>(^)</sup>
1. Lee Swee Kiat & Sons Sdn Bhd	140,366,772	57.510	-	-
2. LSK & TKL (L) Foundation	-	-	154,276,772 <sup>(#)</sup>	63.210
3. Lee Ah Bah @ Lee Swee Kiat	-	-	154,276,772 <sup>(#)</sup>	63.210
4. Dato' Lee Kong Sim	6,393,480	2.620	154,276,772 <sup>(#)</sup>	63.210
5. Tan Kuin Luan	-	-	154,276,772 <sup>(#)</sup>	63.210

(#)  
Deemed Interest held through LSK & TKL (L) Foundation pursuant to Section 8 of the Companies Act 2016:

- Lee Swee Kiat & Sons Sdn Bhd - 140,366,772 ordinary shares
- LSK Wealth Management Sdn Bhd - 5,910,000 ordinary shares
- TKL Wealth Management Sdn Bhd - 8,000,000 ordinary shares

(^) Based on the total number of issued shares in the Company excluding 7,651,680 Ordinary Shares bought back by the Company and retained as treasury shares as of 27 March 2026

## DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	% <sup>(^)</sup>	No. of Shares	% <sup>(^)</sup>
1. Lee Ah Bah @ Lee Swee Kiat	-	-	154,276,772 <sup>(#)</sup>	63.210
2. Lee Kong Hooi	-	-	13,240 <sup>(*)</sup>	0.005
3. Dato' Lee Kong Sim	6,393,480	2.620	154,276,772 <sup>(#)</sup>	63.210
4. Tan Kuin Luan (Alternate Director to Lee Ah Bah @ Lee Swee Kiat)	-	-	154,276,772 <sup>(#)</sup>	63.210
5. Wong Yoke San	-	-	-	-
6. Ng Fong Fong	-	-	-	-

(#)  
Deemed Interest held through LSK & TKL (L) Foundation pursuant to Section 8 of the Companies Act 2016:

- Lee Swee Kiat & Sons Sdn Bhd - 140,366,772 ordinary shares
- LSK Wealth Management Sdn Bhd - 5,910,000 ordinary shares
- TKL Wealth Management Sdn Bhd - 8,000,000 ordinary shares

(\*) Deemed interest by virtue of the shareholdings held by his child (Lee Hong Xiang) in Lee Swee Kiat Group Berhad

(^) Based on the total number of issued shares in the Company excluding 7,651,680 Ordinary Shares bought back by the Company and retained as treasury shares as of 27 March 2026

## ANALYSIS OF SHAREHOLDINGS (cont'd)

AS OF 27 MARCH 2026

## LIST OF TOP 30 HOLDERS AS OF 27 MARCH 2026

NO.	NAME	HOLDINGS	% <sup>(A)</sup>
1.	LEE SWEE KIAT & SONS SDN. BHD.	74,622,772	30.574
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD	22,480,000	9.210
3.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD	21,706,000	8.893
4.	HLB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BERHAD (GLOBAL MARKET)	10,030,000	4.109
5.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD	9,000,000	3.687
6.	TKL WEALTH MANAGEMENT SDN. BHD.	8,000,000	3.277
7.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (E-KLG)	7,800,000	3.195
8.	LSK WEALTH MANAGEMENT SDN. BHD.	5,910,000	2.421
9.	LOW YING CHEK	5,060,500	2.073
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (8109706)	4,758,000	1.949
11.	GOH KOK THAI	4,445,844	1.821
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (8036608)	3,182,400	1.303
13.	HARMONY EFFECTIVE SDN BHD	2,535,000	1.038
14.	YAP WEI HSIUNG	2,217,100	0.908
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE KONG SIM (PB)	1,657,500	0.679
16.	TEH LAY KOON	1,425,840	0.584
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (E-KLG)	1,419,600	0.581
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN	1,159,150	0.474
19.	SOUTHERN REALTY RESOURCE SDN. BHD.	1,100,000	0.450
20.	HARMONY EFFECTIVE SDN BHD	1,037,980	0.425
21.	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	971,202	0.397
22.	CHAI MOOI CHONG	900,000	0.368

## ANALYSIS OF SHAREHOLDINGS (cont'd)

AS OF 27 MARCH 2026

## LIST OF TOP 30 HOLDERS AS OF 27 MARCH 2026 (continued)

NO.	NAME	HOLDINGS	% <sup>(^)</sup>
23.	RATNADEWI A/P BAHWANDI @ FAN CHERN HUI	801,760	0.328
24.	OOI EWE CHOON	780,000	0.319
25.	TAN CHU CHIN	780,000	0.319
26.	LING CHIN TIONG	757,490	0.310
27.	LEE ENG HOCK & CO. SENDIRIAN BERHAD	648,000	0.265
28.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOON HEE	601,050	0.246
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK LOW CHIN KOON (7003384)	600,000	0.245
30.	CH'NG YEW KIAT	570,000	0.233
<b>TOTAL</b>		<b>196,957,188</b>	<b>80.696</b>

<sup>(^)</sup> Based on the total number of issued shares in the Company excluding 7,651,680 Ordinary Shares bought back by the Company and retained as treasury shares as of 27 March 2026

## SHARES IN THE HOLDING COMPANY, LEE SWEE KIAT &amp; SONS SDN BHD AS OF 27 MARCH 2026

## Registered in name of Directors

Name	Ordinary Shares	Redeemable Non-Cumulative Non-Convertible Preference Shares
Lee Ah Bah @ Lee Swee Kiat	100,000 <sup>(*)</sup>	650,000 <sup>(*)</sup>
Tan Kuin Luan	100,000 <sup>(*)</sup>	650,000 <sup>(*)</sup>
Dato' Lee Kong Sim	100,000 <sup>(*)</sup>	650,000 <sup>(*)</sup>

<sup>(\*)</sup> Deemed Interest held through LSK & TKL (L) Foundation pursuant to Section 8 of the Companies Act 2016

## NOTICE OF TWENTY-THIRD (23<sup>RD</sup>) ANNUAL GENERAL MEETING

**NOTICE IS GIVEN THAT** the Twenty-Third (“23rd”) Annual General Meeting (“AGM”) of the Company will be held at Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 29 May 2026 at 10.00 a.m. to transact the following businesses:-

### AGENDA

#### Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 (Please refer to together with the Reports of the Directors and Auditors thereon. (Note 2)
2. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company’s Constitution, as Directors of the Company:-
  - (a) Lee Ah Bah @ Lee Swee Kiat (Resolution 1)
  - (b) Lee Kong Hooi (Resolution 2)
3. To approve the payment of Directors’ fees to each of the following Non-Executive Directors for the period from the 23rd AGM until the next AGM of the Company:-
  - (a) Lee Kong Hooi – RM42,000 (Resolution 3)
  - (b) Wong Yoke San – RM48,000 (Resolution 4)
  - (c) Ng Fong Fong – RM42,000 (Resolution 5)
  - (d) Additional Directors’ Fees – RM50,000 (Resolution 6)
4. To approve the payment of Directors’ benefits up to an amount of RM50,000 to the Non-Executive Directors for the period from the 23rd AGM until the next AGM of the Company. (Resolution 7)
5. To re-appoint Messrs Nexia SSY PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

#### Special Business:

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

6. **ORDINARY RESOLUTION  
AUTHORITY TO ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76  
OF THE COMPANIES ACT 2016** (Resolution 9)

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

## NOTICE OF TWENTY-THIRD (23<sup>RD</sup>) ANNUAL GENERAL MEETING (cont'd)

**7. ORDINARY RESOLUTION**  
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES** (Resolution 10)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

## NOTICE OF TWENTY-THIRD (23<sup>RD</sup>) ANNUAL GENERAL MEETING (cont'd)

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

8. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

By Order of the Board  
**NG CHEONG SENG**  
 (SSM PC No. 202408000584)  
 (MIA No. 17444)  
 Company Secretary

Kuala Lumpur

29 April 2026

### NOTES:-

#### 1. Appointment of Proxy

- (i) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as of 21 May 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote (collectively, “participate”) on his/her/its behalf.
- (ii) A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (iii) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
- (iv) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“MMLR”).
- (v) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it 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.
- (vi) Where a member of the Company 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 defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (vii) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

## NOTICE OF TWENTY-THIRD (23<sup>RD</sup>) ANNUAL GENERAL MEETING (cont'd)

- (viii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
- (a) In hard copy form
- In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
- (b) By electronic means
- The proxy form can be electronically lodged with the Share Registrar of the Company via Vistra Share Registry and IPO (MY) Portal ("the Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide for 23rd AGM on the procedures for electronic lodgement of proxy form via the Portal.
- (ix) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (x) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (xi) Last date and time for lodging this proxy form is Wednesday, 27 May 2026 at 10.00 a.m.
- (xii) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
- (a) Identity card (NRIC) (Malaysian); or
- (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
- (c) Passport (Foreigner).
- (xiii) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the ORIGINAL certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan. Alternatively, please bring the ORIGINAL certificate of appointment of authorised representative if it has not been deposited at the Company's registered office earlier.
- (xiv) Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 23rd AGM.

### 2. Audited Financial Statements for the financial year ended 31 December 2025

This agenda item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on this agenda is not put forward for voting by shareholders.

### 3. Resolutions 1 to 2 – Re-election of Directors

Lee Ah Bah @ Lee Swee Kiat and Lee Kong Hooi ("the Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 23rd AGM.

Please refer to the Statement Accompanying the Notice of AGM for information.

## NOTICE OF TWENTY-THIRD (23<sup>RD</sup>) ANNUAL GENERAL MEETING (cont'd)

### 4. Resolutions 3 to 7 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, 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.

The proposed Directors' fees for the period from the 23rd AGM until the date of next AGM under Resolutions 3 to 5 are to allow the Company to make payment of Directors' fees to the Non-Executive Directors up to next AGM of the Company.

Resolution 6 is to facilitate the payment of additional Directors' fees which were budgeted for the period from the 23rd AGM until the date of next AGM in the event the Company appoints additional Non-Executive Director(s).

The proposed Directors' benefits under Resolution 7 are calculated based on the current Board size and the number of scheduled Board and Committee meetings from the 23rd AGM until the date of next AGM. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

### 5. Resolution 8 – Re-appointment of Auditors

The Board had on 8 April 2026 through the Audit Committee ("AC") assessed the suitability, objectivity and independence of the External Auditors, Messrs Nexia SSY PLT and considered the re-appointment of Messrs Nexia SSY PLT as Auditors of the Company. The Board and AC collectively agreed and satisfied that Messrs Nexia SSY PLT has the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Resolution 9 – Authority to Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company.

This resolution, if passed, would provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings and acquisition.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or at the expiration of the period within which the next AGM is required to be held, whichever is earlier.

As at the date of this Notice, the Company did not issue any shares pursuant to the 10% General Mandate granted to the Directors at the Twenty-Second AGM held on 28 May 2025 which will lapse at the conclusion of the 23rd AGM.

### 2. Resolution 10 - Proposed Renewal of Share Buy-Back Mandate

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 29 April 2026 for further information.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### [PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD]

#### Election/ Appointment as Directors

As at date of this notice, there are no individuals standing for election/appointment as Directors at the Twenty-Third Annual General Meeting ("23rd AGM").

Directors who are seeking re-election at the 23rd AGM are as follows:-

- (1) Lee Ah Bah @ Lee Swee Kiat; and
- (2) Lee Kong Hooi

("the Retiring Directors").

The profiles of the Retiring Directors are set out on page 5 respectively of the Annual Report 2025. The details of their interest in the securities of the Company can be found on page 141 of the Annual Report 2025.

The Retiring Directors had provided their fit and proper declarations and the Board of Directors had through the Nomination and Remuneration Committee ("NRC") carried out the assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors. They have also confirmed that they do not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Group.

In addition to the above, the Board supports and recommended the re-election of Lee Ah Bah @ Lee Swee Kiat and Lee Kong Hooi as Directors of the Company based on the following:-

- (1) Lee Ah Bah @ Lee Swee Kiat

Lee Ah Bah @ Lee Swee Kiat was appointed to the Board of Directors of Lee Swee Kiat Group Berhad as the Executive Director of the Company on 3 February 2004. He was redesignated from Non-Executive Chairman to Executive Chairman on 25 May 2017. He is the founder of Lee Swee Kiat Group Berhad and its subsidiaries ("the Group").

The Board of Directors, through the NRC, had assessed Lee Ah Bah @ Lee Swee Kiat, who is due to retire at the forthcoming 23rd AGM and is confident that, given his extensive experience in mattress manufacturing industry, he established the company with a vision to deliver high-quality, innovative, and reliable products to the market. Under his leadership, the Group has grown to become a trusted name in the industry.

- (2) Lee Kong Hooi

Lee Kong Hooi was appointed to the Board of Directors of Lee Swee Kiat Group Berhad as Non-Independent Non-Executive Director/Deputy Chairman of the Company on 1 April 2021. Lee Kong Hooi has more than 25 years of experience in the bedding industry and possesses in-depth knowledge of manufacturing operations, product development, and market trends. He is the Founder and Chief Executive Officer of Rezttec Group Sdn. Bhd., a manufacturing company specialising in foam mattresses and bedding products. He had served as Managing Director of Lee Swee Kiat Group Berhad from February 2004 to April 2008.

The Board of Directors, through the NRC, has assessed Lee Kong Hooi, who is due to retire at the forthcoming 23rd AGM, and is satisfied that he possesses the necessary experience, expertise, and commitment to continue to discharge his duties effectively.

In this connection the Board supports the re-election of the abovementioned Directors.

#### Authority for Directors to allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

Kindly refer to item (1) of Explanatory Notes on Special Business as contained in the Notice of 23rd AGM.

# ADMINISTRATIVE GUIDE FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING (“23<sup>RD</sup> AGM”)

Day and Date : Friday, 29 May 2026  
 Time : 10.00 a.m.  
 Venue : Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan

## 1. REGISTRATION ON THE DAY OF THE 23<sup>RD</sup> AGM

Registration will start at 9.00 a.m. and will remain open until the conclusion of the 23rd AGM or such time may be determined by the Chairman of the meeting.

Please produce your original MyKad or passport (for Non-Malaysian) during registration for verification purposes. You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Upon verification of your MyKad or passport and signing of attendance list, you will be given the voting slip for voting purposes before entering the meeting room. Please vacate the registration area immediately after registration to prevent congestion.

## 2. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a member whose name appears on the Record of Depositors as at 21 May 2026 shall be entitled to attend or appoint proxy(ies) to attend, participate, speak and/or vote on his/her/its behalf.

## 3. CORPORATE MEMBER

Corporate members who wish to appoint corporate representatives instead of proxy(ies), must deposit their original certificate of appointment of corporate representative to the Registered Office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan before the 23rd AGM or bring the original certificate of appointment of corporate representative to the 23rd AGM.

Attorneys appointed by power of attorney are required to deposit their power of attorney with the Registered Office of the Company not later than Wednesday, 27 May 2026 at 10.00 a.m. to attend and vote at the 23rd AGM.

## 4. APPOINTMENT OF PROXY

The appointment of proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

### (a) In hard copy form

In case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

### (b) By electronic means

The proxy appointment can be lodged electronically with the Share Registrar of the Company via Vistra Share Registry and IPO (MY) Portal (“the Portal”) at <https://srmy.vistra.com>. Please refer to the procedures below for electronic lodgement of proxy form via the Portal.

## ADMINISTRATIVE GUIDE FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING (“23<sup>RD</sup> AGM”) (cont’d)

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User at the Portal	<ol style="list-style-type: none"> <li>1. Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a></li> <li>2. Click “Register” and select “Individual Holder” and complete the New User Registration Form.</li> <li>3. For guidance, you may refer to the tutorial guide available on the homepage.</li> <li>4. Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>5. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved.</li> <li>6. Once you receive the confirmation, activate your account by creating your password.</li> </ol> <p style="text-align: center;"><i>If you are an existing user with the Portal or our TIIH Online portal previously, you are not required to register again.</i></p>
Proceed with submission of Proxy Form	<ol style="list-style-type: none"> <li>1. After the release of the Notice of Meeting by the Company, login with your email address and password.</li> <li>2. Select the corporate event: “<b>LEE SWEE KIAT GROUP BERHAD 23RD AGM</b>”.</li> <li>3. Navigate to the 3 dots at the end of the corporate event and choose “<b>SUBMISSION OF PROXY FORM</b>”.</li> <li>4. Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>5. Indicate the number of shares assigned to your proxy(s) to vote on your behalf.</li> <li>6. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.</li> <li>7. Indicate your voting instructions – FOR or AGAINST or ABSTAIN.</li> <li>8. Print the Proxy Form for your record.</li> </ol>
<b>ii. Steps for Corporation or Institutional Shareholders</b>	
Register as a User at the Portal	<ol style="list-style-type: none"> <li>1. Visit the website at <a href="https://srmy.vistra.com">https://srmy.vistra.com</a></li> <li>2. Click “Register” and select “Representative of Corporate Holder” and complete the New User Registration Form.</li> <li>3. Complete the registration form with your personal details.</li> <li>4. Once registration is completed, you will receive an email notification to verify your registered email address.</li> <li>5. After verification, your registration will be reviewed and approved within two (2) working days. A confirmation email will be sent once approved.</li> <li>6. Once you receive the confirmation, activate your account by creating your password.</li> </ol> <p style="text-align: center;"><i>Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</i></p>
Proceed with submission of form of proxy	<ol style="list-style-type: none"> <li>1. Login to <a href="https://srmy.vistra.com">https://srmy.vistra.com</a> with your email address and password.</li> <li>2. Select the corporate event: “<b>LEE SWEE KIAT GROUP BERHAD 23RD AGM</b>”</li> <li>3. Navigate to the icon “&gt;” at the end of the corporate event.</li> <li>4. Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>5. Select the corporate holder’s name.</li> <li>6. Proceed to download the submission file.</li> <li>7. Prepare the file for the appointment of proxy(ies) by inserting the required data.</li> <li>8. Proceed to upload the duly completed proxy appointment file.</li> <li>9. Select “<b>Confirm</b>” to complete your submission.</li> <li>10. Print the confirmation report of your submission for your record.</li> </ol>

## ADMINISTRATIVE GUIDE FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING (“23<sup>RD</sup> AGM”) (cont’d)

### 5. POLL VOTING

The voting at the 23rd AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process and independent Scrutineers to verify the poll results.

### 6. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 23rd AGM proceedings is allowed without prior written permission of the Company.

### 7. NO DOOR GIFTS OR FOOD VOUCHERS

There will be no door gifts or vouchers provided to members, proxies and invited guests who attend the 23rd AGM.

### 8. ENQUIRY

If you have any enquiry on the above, please contact the following person-in charge during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

#### Tricor Investor & Issuing House Services Sdn Bhd

General	: +603-2783 9299
Email	: <a href="mailto:is.enquiry@vistra.com">is.enquiry@vistra.com</a>
Contact Person	
Mohammad Amirul Iskandar	: +603-2783 9279 ( <a href="mailto:mohammad.amirul@vistra.com">mohammad.amirul@vistra.com</a> )
Syafiqul Hafidz	: +603-2783 9024 ( <a href="mailto:syafiqul.hafidz@vistra.com">syafiqul.hafidz@vistra.com</a> )



CDS Account No.	
No. of Shares held:	

I/We ..... NRIC No./ Passport No. ....  
[Full name in block and as per NRIC/Passport/Registration No.]

of .....  
[Address]

being member(s) of **Lee Swee Kiat Group Berhad**, hereby appoint:-

Full Name (in block capitals and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Mobile Phone No.	

^ and/or

Full Name (in block capitals and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Mobile Phone No.	

or failing him/her, the Chairman of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Twenty-Third (23rd) Annual General Meeting of the Company, which will be held at Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 29 May 2026 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Resolution no.	Description of Resolution	For	Against
1	Re-election of Lee Ah Bah @ Lee Swee Kiat as Director of the Company		
2	Re-election of Lee Kong Hooi as Director of the Company		
3	Approval on payment of Director's fee to Lee Kong Hooi amounting to RM42,000.00 for the period from the 23rd Annual General Meeting until the next Annual General Meeting of the Company		
4	Approval on payment of Director's fee to Wong Yoke San amounting to RM48,000.00 for the period from the 23rd Annual General Meeting until the next Annual General Meeting of the Company		
5	Approval on payment of Director's fee to Ng Fong Fong amounting to RM42,000.00 for the period from the 23rd Annual General Meeting until the next Annual General Meeting of the Company		
6	Approval on payment of additional Directors' fees amounting to RM50,000.00 for the period from the 23rd Annual General Meeting until the next Annual General Meeting of the Company		
7	Approval on payment of Directors' benefits up to an amount of RM50,000.00 to the Non-Executive Directors for the period from the 23rd AGM until the next Annual General meeting of the Company		
8	Re-appointment of Messrs Nexia SSY PLT as Auditors of the Company		
9	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10	Proposed Renewal of Share Buy-Back Mandate		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

Signed this.....day of.....2026

Signature\*  
Member

^ Delete whichever is inapplicable

\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Fold this flap for sealing

**NOTES:-**

1. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as of 21 May 2026. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote (collectively, "participate") on his/her/its behalf.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it 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.
6. Where a member of the Company 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 defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
  - (a) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
  - (b) By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via Vistra Share Registry and IPO (MY) Portal ("the Portal") at <https://srmy.vistra.com>. Please refer to the Administrative Guide for the 23rd AGM on the procedures for electronic lodgement of proxy form via the Portal.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Wednesday, 27 May 2026 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - (a) Identity card (NRIC) (Malaysian); or
  - (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
  - (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the ORIGINAL certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been deposited at the Company's registered office earlier.
14. Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 23rd AGM.

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Affix  
Stamp  
Here

**LEE SWEE KIAT GROUP BERHAD**  
[Registration No. 200301005163 (607583-T)]

Wisma LSK  
Lot 6122, Jalan Haji Abdul Manan,  
Off Jalan Meru, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.

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Since 1975

**LEE SWEE KIAT GROUP BERHAD**

[Registration No. 200301005163 (607583-T)]

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Off Jalan Meru, 41050 Klang,  
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