

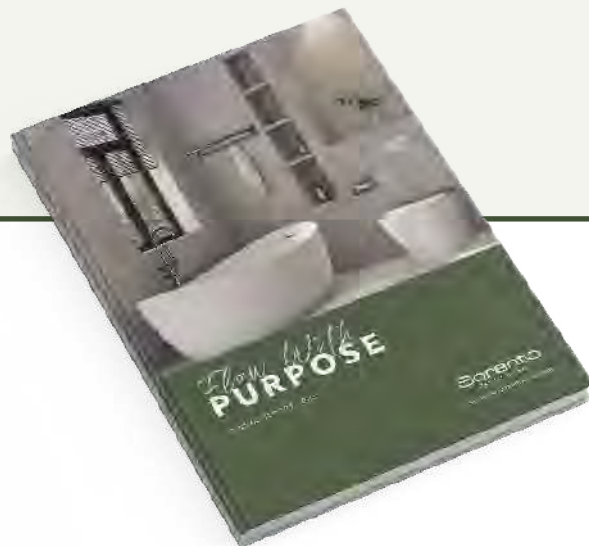


Flow With **PURPOSE**

ANNUAL REPORT 2025

Sorento
CAPITAL BERHAD

(Registration No.: 202301018305 (1512227-W))



FLOW WITH PURPOSE

The cover of Sorento Capital Berhad's ("Sorento Capital" or "the Company") maiden Annual Report for the financial year ended 30 June 2025 ("FYE 2025") reflects the identity of Sorento Capital and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group") – refined and purposeful. The visual showcases the Group's sanitary ware solutions in a modern interior setting, symbolising how our brands elevate everyday living through designs that are elegant yet functional and accessible.

The tagline "*Flow with Purpose*" speaks to how the Group channels growth with intention. Just as water flows seamlessly yet with direction, our brands are guided by a clear purpose: to bring trusted quality and innovation into daily life, catering to diverse lifestyles and needs.

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CORPORATE PROFILE

VISION

Elevate everyday living with elegant, accessible sanitary ware for every home.

MISSION

To provide innovative, high-quality bathroom and kitchen solutions that provide a touch of elegance to all.

CORE VALUES

Trustworthy

Sorento is a trusted name, proudly listed on the ACE Market of Bursa Securities and committed to quality. Our products are certified to meet Malaysian standards, ensuring you receive reliable, safe, and durable solutions for your home. With decades of experience, we strive to deliver products that you can trust for years to come.

Visionary

At *Sorento*, we lead the way in shaping the future of bathrooms, turning them into personal sanctuaries of relaxation. Our visionary designs anticipate how simple spaces can offer pure calm, making every shower an enjoyable experience. Thoughtfully crafted for comfort, we create bathrooms that bring peace and tranquillity into your daily life.

Inclusivity

At *Sorento*, inclusivity is at the core of our brand. We offer high-quality, stylish sanitary ware that caters to all life stages—from young renters to newlyweds and seniors, ensuring everyone can experience comfort and sophistication. Whether you're starting fresh or settling in, *Sorento* has something for you.

Sorento Capital Berhad ("Sorento Capital" or "the Company") is an investment holding company listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Through its subsidiaries (collectively known as the "Sorento Capital Group" or "the Group"), the Group is primarily involved in the marketing, distribution, and sale of bathroom and kitchen sanitary wares.

Established in 2005, the Group has a proven track record of over two decades in the industry, having built a reputation for quality, reliability, and functional design. Its comprehensive product portfolio comprises over 5,000 stock-keeping units, including water closets, wash basins, bathtubs, bathroom furniture and mirror, kitchen sinks and faucets, among others.

The Group markets its products under its flagship brand '**Sorento**', alongside other proprietary brands, namely '**Mocha**', '**Cabana**', and '**i-Born**'. In addition, the Group serves as the authorised distributor in Malaysia for foreign third-party brands of luxury sanitary wares, namely '**Bravat**' and '**Infinity**'.

The Group's extensive product range positions it as a one-stop bathroom and kitchen sanitary ware solution provider across residential and commercial developments. Its multi-channel distribution strategy includes a nationwide network of over 600 dealers, and direct supply to project customers. This is supported by the Group's headquarters, showroom, and warehouse facilities located in Klang, Selangor.

Sorento Capital was successfully listed on the ACE Market of Bursa Securities on 28 October 2024.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Ahmad Zakie
Bin Haji Ahmad Shariff
 Independent
 Non-Executive Chairman

Loo Chai Lai
 Managing Director

Loo Jing Kai
 Executive Director

Lee Chee Keong
 Executive Director

Christine Toh Hung Mei
 Independent
 Non-Executive Director

Yeat Soo Ching
 Independent
 Non-Executive Director

Teh Lay Sim
 Independent
 Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Christine Toh Hung Mei (Chairperson)
Yeat Soo Ching
Teh Lay Sim

NOMINATION COMMITTEE

Teh Lay Sim (Chairperson)
Christine Toh Hung Mei
Yeat Soo Ching

REMUNERATION COMMITTEE

Yeat Soo Ching (Chairperson)
Christine Toh Hung Mei
Teh Lay Sim

COMPANY SECRETARIES

Tea Sor Hua (MACS 01324)
 (SSM PC No.: 201908001272)

Loo Hui Yan (MAICSA 7069314)
 (SSM PC No.: 202308000290)

HEAD OFFICE

No. 5, Jalan Astana 2/KU2
 Bandar Bukit Raja
 41050 Klang
 Selangor Darul Ehsan
 Telephone No. : 03-3082 9288
 E-mail : sorento@sorento.com.my
 Website : www.sorentocapital.com

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
 Jalan SS21/60, Damansara Utama
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Telephone No. : 03-7725 1777
 E-mail : info@cospec.com.my

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
 Wilayah Persekutuan
 Telephone No. : 03-2783 9299
 E-mail : is.enquiry@vistra.com

PRINCIPAL ADVISER & SPONSOR

Alliance Islamic Bank Berhad
 Level 23, Menara Alliance Bank
 No. 159, Jalan Ampang
 50450 Kuala Lumpur
 Wilayah Persekutuan
 Telephone No. : 03-2604 3333

AUDITORS

TGS TW PLT
 Unit E-16-2B
 Level 16, Icon Tower (East)
 No. 1, Jalan 1/68F
 Jalan Tun Razak
 50400 Kuala Lumpur
 Wilayah Persekutuan
 Telephone No. : 03-9771 4326

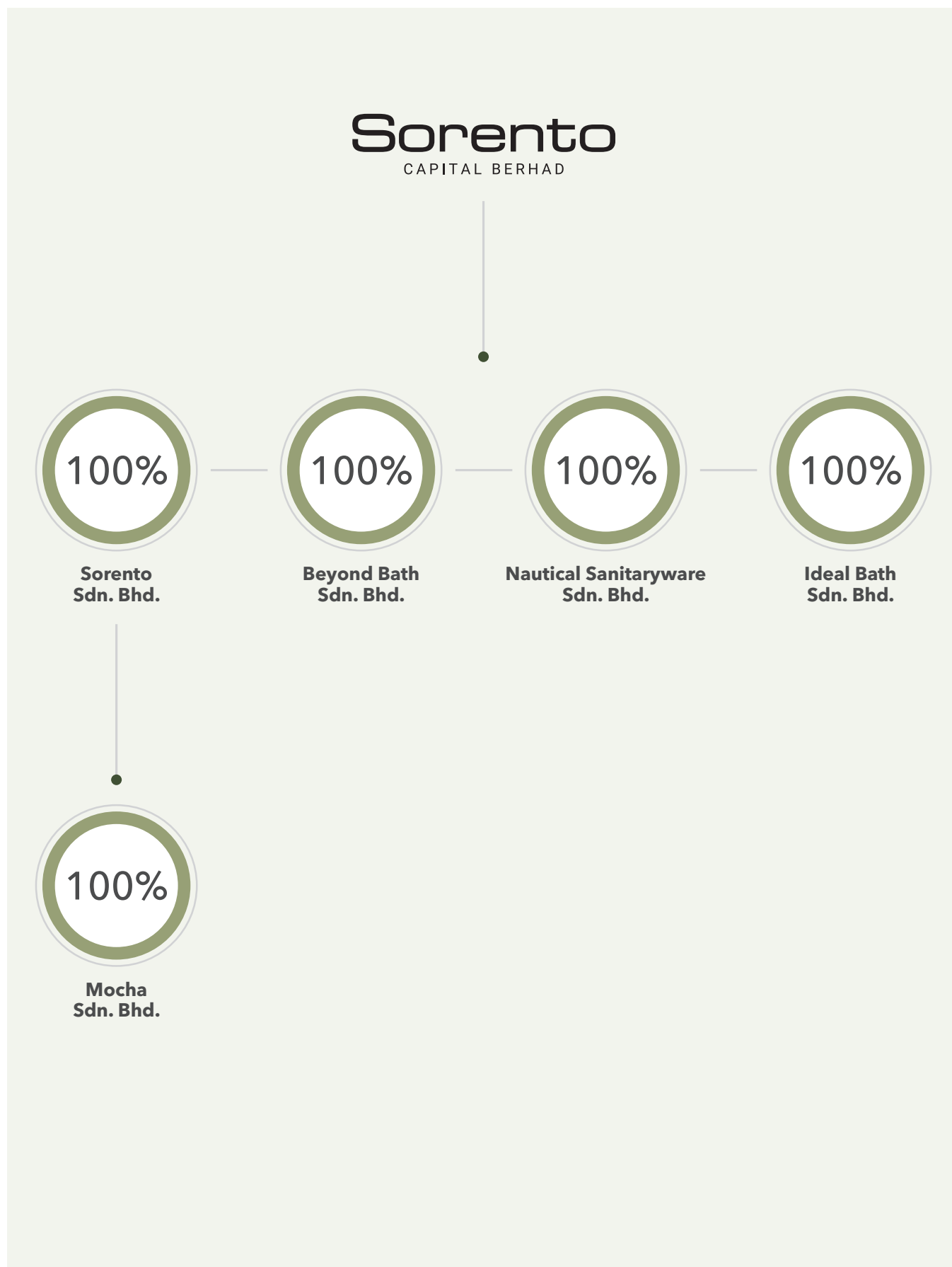
PRINCIPAL BANKER

United Overseas Bank
 (Malaysia) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
 Securities Berhad
 Stock Name: SORENTO
 Stock Code: 0326

CORPORATE STRUCTURE



KEY MILESTONES

2005

- Incorporated Sorento Sdn. Bhd. ("SSB") and commenced operations from a small rented premise at Jalan Meru, Klang (~6,940 square feet ("sq ft")).
- Introduced '**Sorento**' as SSB's first and flagship house brand, beginning with smaller bathroom and kitchen sanitary ware items such as faucets, mixers, shower heads, bidets, and related accessories and parts, which were distributed through our network of dealers and chain store retailers for subsequent sale to end-consumers.

2009

- Launched two (2) new house brands, '**Cabana**' and '**Mocha**', broadening bathroom and kitchen sanitary ware range, and expanded the '**Sorento**' brand to include kitchen sinks.

2010

- Relocated to a larger rented facility (~63,059 sq ft) in Jalan Meru, Klang, to accommodate business growth, while expanding the '**Sorento**' brand to include wash basins.

2014

- Appointed as authorised distributor for '**Bravat**', a German bathroom sanitary ware brand, in Malaysia, expanding our portfolio to include third-party branded luxury sanitary ware.
- Secured our first project sales for the supply of '**Sorento**' products to a residential development in Selangor, marking our maiden entry into the property project segment.

2020

- Launched the Sorento Master Club for professional interior designers, offering access to our latest product range and collaboration opportunities.
- Relocated operations to a premise in Bandar Bukit Raja, Klang (~68,540 sq ft) ("Bukit Raja Facility"), which remains as the Group's headquarters to date.

2019

- Expanded third-party brand of luxury sanitary wares to include the '**Infinity**' brand from Spain.

2017

- Project customer base grew to 119 nationwide, surpassing the 100-project customers milestone and reinforcing our presence in the property project segment.

2016

- Dealer network expanded to 140 nationwide, surpassing the 100-dealer milestone and strengthening our retail presence.
- Began distributing and selling water closets under the '**Cabana**' brand, further expanding bathroom product offerings.

2015

- Expanded product offerings to include water closets under the '**Sorento**' and '**Mocha**' brands.

2021

- Acquired a premise in Penang (~6,826 sq ft) as a storage facility ("Penang Facility") to cater to growing demand in the Northern Malaysian region.
- The Penang Facility was disposed of in June 2025.

2023

- Launched the first Sorento Experience Centre at the Bukit Raja Facility to showcase latest innovative bathroom and kitchen sanitary solutions, designs and trends.
- Expanded product offerings to distribute and sell bathroom and kitchen sanitary ware under the '**i-Born**' brand.
- Rented an additional premise at Jalan Meru, Klang (~65,804 sq ft) for use as additional product storage, to serve increasing demand.

2024

- Appointed as the exclusive authorised distributor of '**Infinity**' products in Malaysia.
- Sorento Capital Sdn. Bhd. was converted into a public company and known as Sorento Capital Berhad.
- Marked a major corporate milestone with the listing of Sorento Capital Berhad on the ACE Market of Bursa Malaysia Securities Berhad on 28 October 2024.

IPO LISTING HIGHLIGHTS

3 September 2024

Sorento Capital signs Underwriting Agreement with Alliance Islamic Bank Berhad for its Initial Public Offering ("IPO").



7 October 2024

Sorento Capital launches its prospectus to the public.



28 October 2024

Sorento Capital makes its debut on the ACE Market of Bursa Malaysia Securities Berhad.



FINANCIAL HIGHLIGHTS

Financial Year Ended 30 June

(RM million)

	2021	2022	2023	2024	2025
Income Statement					
Revenue	66.1	90.7	112.3	151.5	179.2
Gross Profit ("GP")	20.8	32.5	53.4	64.5	77.2
Profit Before Tax ("PBT")	9.9	17.0	33.1	32.6	36.0
Profit After Tax ("PAT")	7.8	12.7	24.9	24.4	26.2
Financial Position					
Total Assets	53.2	67.5	77.8	142.1	195.8
Cash and Bank Balances*	7.5	8.2	13.0	12.2	43.3
Total Equity	24.2	32.6	50.3	65.7	143.1
Total Liabilities	29.0	34.9	27.5	76.4	52.7
Financial Ratio					
Basic Earnings per Share (sen)**	1.10	1.81	3.54	3.47	3.67
GP Margin (%)	31.5%	35.8%	47.6%	42.6%	43.1%
PAT Margin (%)	11.8%	14.0%	22.2%	16.1%	14.6%

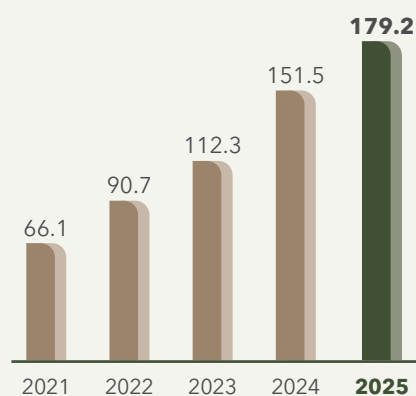
Notes:

* Cash and bank balances include fixed deposits with licensed banks

** Computed based on the PAT divided by weighted average number of shares in issue

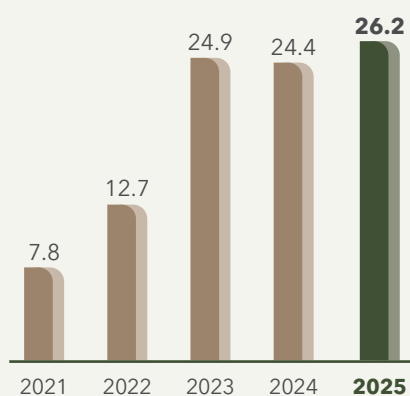
REVENUE

(RM million)



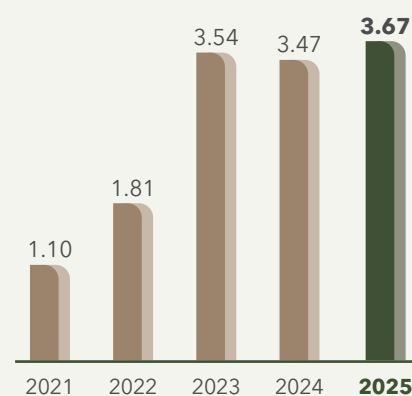
PAT

(RM million)



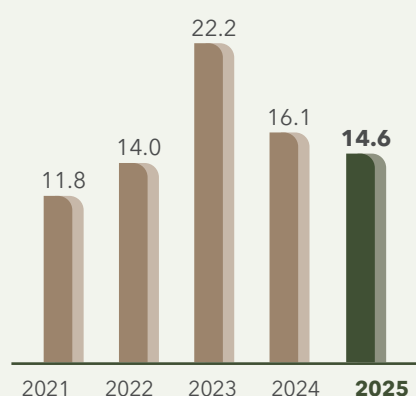
BASIC EARNINGS PER SHARE

(sen)



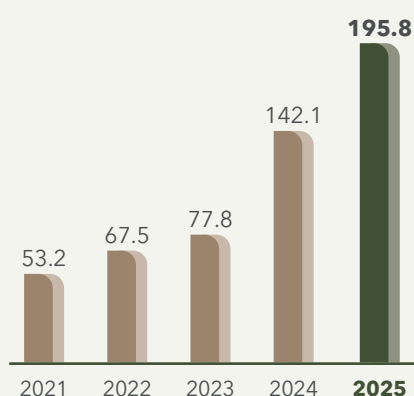
PAT MARGIN

(%)



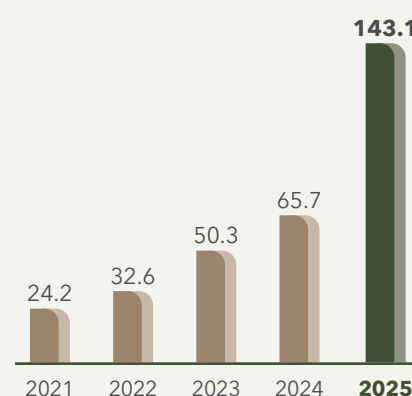
TOTAL ASSETS

(RM million)



TOTAL EQUITY

(RM million)



BOARD OF DIRECTORS' PROFILE



Haji Ahmad Zakie Bin Haji Ahmad Shariff ("Tuan Haji Ahmad Zakie") was appointed to the Board of Directors ("the Board") of Sorento Capital Berhad ("Sorento Capital" or "the Company") on 25 March 2024 as the Independent Non-Executive Chairman.

He holds a Bachelor of Economics from the Universiti Kebangsaan Malaysia and Master of Accounting Science from the University of Illinois, Urbana-Champaign, United States of America.

Tuan Haji Ahmad Zakie has over 40 years of experience in capital markets, corporate leadership, and the public sector institutions. He began his career in academia

before moving into financial services, where he gained extensive expertise in equity research, asset management, and stockbroking through various senior roles.

He later expanded his career into corporate management, holding leadership positions in both private and government-linked organisations, including serving as the Chief Executive Officer ("CEO") in several entities. His responsibilities spanned corporate affairs, operations management, human capital development, and day-to-day operations of the entities which he served. He also led a state-owned corporation, focusing on improving subsidiary performance.

Beyond the corporate sector, he has contributed significantly to higher education and governance, serving as director of a university and as an Adjunct Professor.

Currently, Tuan Haji Ahmad Zakie sits on the Board of LFE Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad ("Bursa Securities") as an Independent Non-Executive Director.

Tuan Haji Ahmad Zakie attended all four (4) Board Meetings held during the financial year ended 30 June 2025.

HAJI AHMAD
ZAKIE BIN
HAJI AHMAD
SHARIFF

**INDEPENDENT
NON-EXECUTIVE CHAIRMAN
MALAYSIAN / 68 / MALE**

DATE OF APPOINTMENT:
25 MARCH 2024

BOARD OF DIRECTORS' PROFILE

LOO CHAI LAI

**MANAGING DIRECTOR
MALAYSIAN / 61 / MALE**

DATE OF APPOINTMENT:
17 MAY 2023

Loo Chai Lai ("Mr. Loo") was appointed to the Board of Sorento Capital on 17 May 2023 as the Managing Director ("MD"). As the MD, Mr. Loo is responsible for overseeing the overall finance, operations, and business development strategies of Sorento Capital and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group").

With more than 40 years of experience in the home improvement and renovation industry, including over 20 years specifically in the bathroom and kitchen sanitary ware segment, Mr. Loo plays a pivotal role in charting the Group's strategic direction and driving its continued growth.

Mr. Loo obtained his Sijil Pelajaran Malaysia in 1982 at Sekolah Menengah Kebangsaan Sultan Abdul Samad. In 1984, he began his career as a Sales Executive at Boon Seng Paint Merchant, a family-owned paint business. He later established and managed several trading companies involved in home improvement space, including MBS Paints Sdn. Bhd. ("MBS Paints"), where he was responsible for overall management, and Kedai Cat Boon Seng Sdn. Bhd. ("KCBS"), where he focused on sales and marketing. He remains as a shareholder and Director of MBS Paints and KCBS.

In 2003, Mr. Loo founded PSM Home Centre Sdn. Bhd. ("PSM"), principally involved in trading of paints, painting accessories, sanitary, kitchen accessories and hardware. At PSM, he oversaw the overall management and daily operations of the company until his resignation and divestment in 2024.

In 2005, Mr. Loo co-founded Sorento Sdn. Bhd. ("SSB") with his brother, Loo Chai Sing. He was responsible for steering the strategic direction and overseeing day-to-day operating activities of SSB. Thereafter, Mr. Loo assumed full leadership in year 2020, where he was instrumental

in expanding SSB's customer base and establishing its brand presence in Malaysia.

Mr. Loo does not hold any directorship in any other public companies and listed corporations but holds directorships in several private limited companies.

Mr. Loo attended all four (4) Board Meetings held during the financial year ended 30 June 2025.

Mr. Loo is the parent of Loo Jing Kai, an Executive Director of Sorento Capital.



BOARD OF DIRECTORS' PROFILE



Loo Jing Kai ("Mr. Jayden Loo") was appointed to the Board of Sorento Capital on 17 May 2023 as an Executive Director ("ED"). He is responsible for overseeing the sales and purchasing, as well as the warehouse and customer service functions of the Group.

Mr. Jayden Loo holds a Bachelor of Business (International Business) from the Queensland University of Technology.

Mr. Jayden Loo began his career in 2017 as a Sales Executive with PSM, where he was accountable for assisting walk-in customers at the showroom, promoting products and providing after-sales service. In 2019, he was promoted to Sales Manager, tasked with monitoring the company's daily and monthly sales performance.

In 2020, Mr. Jayden Loo joined SSB as Sales Manager, overseeing product sales, operational matters, and the collection of payments. In the same year, he was appointed as a Director of SSB and became a shareholder of SSB.

Mr. Jayden Loo does not hold any directorship in any other public companies and listed corporations but holds directorships in several private limited companies.

Mr. Jayden Loo attended all four (4) Board Meetings held during the financial year ended 30 June 2025.

Mr. Jayden Loo is the son of Loo Chai Lai, the MD and major shareholder of Sorento Capital.

LOO
JING KAI

**EXECUTIVE DIRECTOR
MALAYSIAN / 30 / MALE**

DATE OF APPOINTMENT:
17 MAY 2023

BOARD OF DIRECTORS' PROFILE

LEE CHEE KEONG

**EXECUTIVE DIRECTOR
MALAYSIAN / 45 / MALE**

DATE OF APPOINTMENT:
25 MARCH 2024

Lee Chee Keong ("Mr. Lee") was appointed to the Board of Sorento Capital on 25 March 2024 as an ED. He is responsible for the Group's project-based sales and marketing activities.

Mr. Lee graduated with a Bachelor of Engineering (Mechanical and Production Engineering) and Graduate Diploma in Technopreneurship and Innovation Program from Nanyang Technological University, Singapore, in 2003.

Mr. Lee brings with him two decades of experience spanning project management, sales, and operations across various industries. Mr. Lee began his career in 2004 as a Project Engineer with Hi-P (Shanghai) Housing Appliance Co. Ltd, managing project development activities including costing, process flow, and manufacturing. In 2006, he joined Venture Electronics Shanghai Co. Ltd as a Project Lead, where he was responsible for managing business units related to the manufacturing of electronic products and components. He later moved to Acumen Engineering (Shanghai) Co. Ltd in 2008 as Sales Manager, overseeing overall business operations in China.

In 2009, he joined Superpak Shanghai Co. Ltd as Assistant General Manager, managing daily operations. In 2012, Mr. Lee joined Movtec Sdn. Bhd. (now known as Warehouz Collection Sdn. Bhd.), a company involved in the dealing of electronic products as Sales Manager. In 2013, he resigned as Sales Manager but remained as a Director and shareholder, until the company was dissolved in 2017. In 2013, Mr. Lee joined Bath Deco Marketing Sdn. Bhd., a company involved in the wholesale and retail of bathroom furnishings as Sales Manager, where he was responsible for the company's sales and marketing activities.

In 2014, Mr. Lee joined Beyond Bath Sdn. Bhd. ("BBSB"), as Sales Manager, overseeing the sales and marketing of the company's

products. He was appointed as a Director of BBSB in 2017 and thereafter became its shareholder in 2020. In 2018, he became a Director and shareholder of Ideal Bath Sdn. Bhd. ("IBSB"), assuming the same responsibilities as BBSB. In 2024, he disposed of his shares in BBSB and IBSB to Sorento Capital as part of the restructuring exercise pursuant to the listing of Sorento Capital on the ACE Market of Bursa Securities.

Mr. Lee does not hold any directorship in any other public companies and listed corporations but holds directorships in several private limited companies.

Mr. Lee attended all four (4) Board of Directors' Meetings held during the financial year ended 30 June 2025.



BOARD OF DIRECTORS' PROFILE



Christine Toh Hung Mei ("Ms. Christine") was appointed to the Board of Sorento Capital on 25 March 2024 as an Independent Non-Executive Director. She is the Chairperson of the Audit and Risk Management Committee ("ARMC") and a member of Nomination Committee ("NC") and Remuneration Committee ("RC").

With a career that spans nearly 20 years, Ms. Christine has held roles across the accounting, audit, and legal sectors, gaining exposure to corporate advisory and litigation work.

Ms. Christine holds a Bachelor of Commerce and Bachelor of Business Systems from Monash University. She obtained a Bachelor of Laws (Hons) from University of

London (External) in 2012 and completed her Certificate of Legal Practice in 2013. She was registered as a Chartered Accountant under the Malaysian Institute of Accountants in 2023. She is also a Fellow of the Chartered Institute of Arbitrators.

Ms. Christine began her career in 2006 with BDO McCabe Lo Ltd in Hong Kong, a company involved in business and corporate advisory services, as an Associate. In 2008, she joined BDO Binder in Malaysia as an Assistant Manager, where she focused on external audit. The following year in 2009, she assumed a role at BDO Consulting Sdn. Bhd. as an Assistant Manager, where she was in charge of internal audit for listed companies. During her time at BDO Binder, she began

pursuing her Bachelor of Laws (Hons) on a part-time basis.

In 2010, Ms. Christine joined Prestar Precision Tube Sdn. Bhd., a company involved in the manufacturing and supply of precision steel pipes and tubes, as an Assistant Accounts Manager. Her responsibilities included submission of financial reports, preparing annual budgets, and assisting in both internal and external reporting requirements.

Upon obtaining her Bachelor of Laws (Hons) in 2012, Ms. Christine left Prestar Precision Tube Sdn. Bhd. to commence her pupillage at a law firm, Vin & Isaac Lee, in 2013. She was called to the Malaysian Bar in 2014 and remained as an Associate at Vin & Isaac Lee until 2016. She joined MahWengKwai & Associates in 2016 as a Legal Assistant and was promoted to Senior Associate in 2018, before being made a Partner in 2019. In 2023, she left to set up her own legal practice, Christine Toh & Co, where she currently serves as Managing Partner. Her primary practice areas include construction disputes, matrimonial disputes, and general litigation.

Currently, Ms. Christine sits on the Boards of HE Group Berhad, WTEC Group Berhad and ISF Group Berhad as an Independent Non-Executive Director.

Ms. Christine attended all four (4) Board Meetings held during the financial year ended 30 June 2025.

CHRISTINE TOH HUNG MEI

**INDEPENDENT
NON-EXECUTIVE DIRECTOR
MALAYSIAN / 44 / FEMALE**

DATE OF APPOINTMENT:
25 MARCH 2024

BOARD OF DIRECTORS' PROFILE

YEAT SOO CHING

**INDEPENDENT
NON-EXECUTIVE DIRECTOR
MALAYSIAN / 49 / FEMALE**

DATE OF APPOINTMENT:
25 MARCH 2024

Yeat Soo Ching ("Ms. Yeat") was appointed to the Board of Sorento Capital on 25 March 2024 as an Independent Non-Executive Director. She is the Chairperson of RC and a member of ARMC and NC.

Ms. Yeat graduated from the University of Sheffield, United Kingdom with a Bachelor of Law in 1998, and was called to the Malaysian Bar in 2000.

Ms. Yeat began her legal career in 2000 with Messrs Cheang & Ariff as a Legal Associate and was subsequently made a Partner in 2007, a position she continues to hold. Her areas of expertise include corporate and securities laws, banking and finance. She has advised on capital market

transactions such as initial public offerings, rights issues and private placements. Additionally, she has advised general partners of private equity/venture capital funds on the establishment and operation of funds. Her experience in banking and finance includes acting for lenders and major corporations in various domestic and international financing transactions.

Currently, Ms. Yeat sits on the Boards of Cnergiz Berhad and Golden Destinations Group Berhad as an Independent Non-Executive Director.

Ms. Yeat attended all four (4) Board Meetings held during the financial year ended 30 June 2025.



BOARD OF DIRECTORS' PROFILE



Teh Lay Sim ("Ms. Teh") was appointed to the Board of Sorento Capital on 25 March 2024 as an Independent Non-Executive Director. She is the Chairperson of NC and a member of ARMC and RC.

Ms. Teh has over 25 years of experience in the architecture, construction, and design industry. Her background spans both large-scale construction companies and private architectural practice.

Ms. Teh graduated from the University of Sydney with Bachelor of Science (Architecture) in 1998

and Bachelor of Architecture in 2004.

Ms. Teh began her career in 1998 with Natcon Kumagai Joint Venture, a company involved in construction and completion of superstructural works for Mandarin Oriental Hotel, as an Interior Design Coordinator, where she was responsible for the coordination, scheduling, planning and site supervision of the architectural and interior fitouts. She left the company in 2000 to join Sunway Construction Berhad as a Design Coordinator, overseeing and coordinating technical and

design matters for design and build and build-operate-turnkey projects. She was promoted to Manager in 2007 and remained with the company until her departure in 2008. In the same year, she joined SA Architects Sdn. Bhd., a company involved in architectural and consultancy services, as an Associate, where she was responsible for managing and overseeing the design and execution of various projects. She remained with the firm until 2012.

In 2012, Ms. Teh founded Arkitek L. Teh, where she currently holds the position of Principal. She oversees the firm's direction of architectural practice and manages all aspects of its operations, including technical and design matters for ongoing projects, employee management, and its day-to-day operations.

Ms. Teh does not hold any directorship in any other public companies and listed corporations.

Ms. Teh attended all four (4) Board Meetings held during the financial year ended 30 June 2025.

TEH
LAY SIM

**INDEPENDENT
NON-EXECUTIVE DIRECTOR
MALAYSIAN / 50 / FEMALE**

DATE OF APPOINTMENT:
25 MARCH 2024

Notes:

1. Saved as disclosed above, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
3. None of the Directors have been convicted of any offences within the past five (5) years or been imposed with any public sanction or penalty by the regulatory bodies during the financial year ended 30 June 2025.



KEY SENIOR MANAGEMENT'S PROFILE

TAN GINE NGENE

**CHIEF FINANCIAL OFFICER
MALAYSIAN / 48 / MALE**

DATE OF APPOINTMENT: 1 JANUARY 2024

Tan Gine Ngee ("Mr. Kelvin Tan") is the Chief Financial Officer ("CFO") of Sorento Capital Berhad ("Sorento Capital" or "the Company") and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group"). As CFO, he is responsible for the preparation of the Group's financial and accounting reporting, as well managing the Accounts Department's day-to-day functions which include inter alia, the management of cash flows and budget for the Group.

Mr. Kelvin Tan holds a Bachelor of Science in Accounting and Finance from the University of London. He has been a member of the Malaysian Institute of Accountants since 2006.

Mr. Kelvin Tan began his career in 2000 as a Graduate Audit Trainee with K.S. Soon & Company, an audit firm, where he was involved in field audits, drafting of audit reports, preparing estimated financials, tax computations, and annual accounts for clients. He left the firm in 2001 to join TimeCom Holdings Sdn. Bhd. as an Accounts Executive. He was responsible for overseeing group accounts preparation, which includes monitoring the group consolidation of accounts.

Later in the same year, Mr. Kelvin Tan left TimeCom Holdings Sdn. Bhd. and joined MBS Paints & Tools Sdn. Bhd. ("MBS Paints") as an Accounts Executive, where he handled full set accounts and audit coordination. In 2005, he was promoted to Accounts Manager, overseeing both the accounting and human resources functions, including inter alia, cash flow monitoring, financial reporting, forecasting, and analysis. In 2015, he was further promoted to Group Financial Controller. His responsibilities included overseeing the group accounts and compliance with accounting standards and framework, as well as monitoring the policies and procedures in order to improve the internal control.

In 2021, Mr. Kelvin Tan was transferred from MBS Paints to Sorento Sdn. Bhd. ("SSB") as Group Financial Controller, continuing the same responsibilities. In 2023, he was promoted to CFO of SSB. He assumed his role as Sorento Capital's CFO in 1 January 2024.

LOO AI CHENG

**SENIOR MANAGER, WAREHOUSE
AND CUSTOMER SERVICE
MALAYSIAN / 59 / FEMALE**

DATE OF APPOINTMENT: 1 JANUARY 2024

Loo Ai Cheng ("Ms. Loo") is the Senior Manager for Warehouse and Customer Service of the Group. She is responsible for overseeing daily warehouse operations, controlling and managing inventory and logistics, and supervising the customer service function.

Ms. Loo graduated with a Diploma in Commerce and Economics from Meijo University in Nagoya, Japan in 1993.

Ms. Loo began her career in 1985 as a General Clerk in Kilang Plastic Winloy Sdn. Bhd., a company involved in the manufacturing of plastics bags, where she was responsible for administrative and general clerk duties. She left the company in 1990 to pursue her Diploma in Commerce and Economics.

In 1993, Ms. Loo joined Sato Chemifa (M) Sdn. Bhd., a manufacturer of plastic films and bags company, as a Production Administration Clerk. She was responsible for the maintenance of production and manufacturing records in the company. In 1995, she joined Terasaki Electric (M) Sdn. Bhd. as a Purchasing Administration Clerk, where she handled warehouse inventory records and purchasing records, and remained with the company until 1997.

In 1998, Ms. Loo joined MBS Paints as an Administrative Executive, responsible for customer service. She was promoted to Warehouse Manager in 2005, where she oversaw all aspects of warehouse management. In 2017, she joined SSB as a Warehouse Manager, where her responsibilities included managing warehouse operations and customer service-related matters, such as organising deliveries, storage, and dispatch of goods. In 2023, she was promoted to her current position as Senior Manager, Warehouse and Customer Service at Sorento Capital.

Ms. Loo is the sister of Loo Chai Lai, the Managing Director and major shareholder of Sorento Capital, and paternal aunt to Loo Jing Kai, an Executive Director of Sorento Capital.

KEY SENIOR MANAGEMENT'S PROFILE

NG LAI HEONG

**REGIONAL SALES MANAGER
MALAYSIAN / 56 / FEMALE**

DATE OF APPOINTMENT: 1 JANUARY 2024

Ng Lai Heong ("Ms. Ng") is the Regional Sales Manager of the Group. Her responsibilities include leading the sales team, developing strategic plans to drive revenue growth, and overseeing sales operations within assigned region.

Ms. Ng completed her Sijil Pelajaran Malaysia in 1987 at Tsun Jin High School in Kuala Lumpur. Ms. Ng began her career as a Coffee Shop Assistant in Lai Heong Coffeeshop in 1988, a family-operated business, where she was responsible for handling customer orders and serving as a cashier until 1990. In 1991, she joined Hup Hing Sdn. Bhd., a company involved in buying, selling, fabricating spare parts and equipment in industries, as an Assistant Manager. Her responsibilities included building and leading a sales team, developing revenue-driving strategies, and formulating sales plans. She remained with the company until 1995.

In 1996, Ms. Ng joined Homewish Sanitarywares Sdn. Bhd., a company involved in the sales and distribution of sanitary ware and bathroom accessories, as a Sales Manager, assuming similar responsibilities as her role in Hup Hing Sdn. Bhd.. In 2008, she joined Agrow Corporation Sdn. Bhd., a trading and fabrication company for industrial parts and equipment, as a Sales Manager, continuing the same capacity as the previous companies until her departure in 2019. In 2019, Ms. Ng joined SSB as Regional Sales Manager.

LAM LI HUA

**MARKETING MANAGER
MALAYSIAN / 41 / FEMALE**

DATE OF APPOINTMENT: 1 JANUARY 2024

Lam Li Hua ("Ms. Lam") is the Marketing Manager of the Group. She is responsible for managing the Group's marketing activities, including strategising, planning, and execution across both offline and online platforms.

Ms. Lam graduated with a Diploma in Advertising, and a Diploma in Marketing Communications from the Institute of Advertising, Communication and Technology College in 2005.

Ms. Lam began her career in 2005 with Mellooi Creation Sdn. Bhd., a company involved in fashion design, manufacturing, and trading of apparel and accessories, as a Marketing and Business Development Executive. In 2007, she was promoted to Senior Executive in Marketing and Business Development, where she was responsible for marketing planning, advertising strategies, and promotional spending for the retail stores. She joined Signature Cabinet Sdn. Bhd. later in 2007 as Brand Manager. Her role involved developing, planning and execution of brand strategies for kitchen cabinet and living solutions.

In 2014, Ms. Lam left to join MGBI Malaysia Sdn. Bhd., a company involved in engineering services relating to design and verification of railway signalling systems, as General Manager. She was responsible for managing the company's railway project in Malaysia, including inter alia, project management and recruitment-related matters. Subsequently in 2018, she joined EQ Solutions Sdn. Bhd., a company involved in internet marketing, public relations, events, advertising, trading, training and consultancy, media production, and creative designing, as an Account Manager. She managed public relations activities, digital marketing campaigns, and events for the firm's clients.

In 2019, Ms. Lam joined H Trends Bathroom Centre Sdn. Bhd. (currently known as Dilooma Sdn. Bhd.), a company involved in dealers, wholesale of bathroom accessories, sanitaryware, kitchenware and other related products, as a Marketing Manager. She was accountable for developing strategies, planning and executing sales and marketing activities to achieve sales targets, before leaving the company in 2021. Ms. Lam joined SSB as the Marketing Manager in 2023.

Notes:

1. None of the Key Senior Management have any directorship in public companies and listed corporations.
2. Save as disclosed above, none of the Key Senior Management have any family relationship with any Directors and/or major shareholders of the Company.
3. None of the Key Senior Management have any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.
4. None of the Key Senior Management have been convicted of any offences within the past five (5) years or been imposed with any public sanction or penalty by the regulatory bodies during the financial year ended 30 June 2025.



MANAGEMENT DISCUSSION & ANALYSIS



We are confident that Sorento Capital is well-positioned to capture emerging opportunities, deepen partnerships and deliver sustainable long-term value to our shareholders.

Loo Chai Lai
Managing Director



MANAGEMENT DISCUSSION & ANALYSIS



The IPO
successfully raised
**RM57.4
million**



Revenue
**RM179.2
million**



Profit after tax
**RM26.2
million**

Dear Valued Shareholders,

The financial year ended 30 June 2025 ("FYE 2025") marked Sorento Capital Berhad's ("Sorento Capital" or "the Company") first year as a publicly listed entity, following the successful completion of its initial public offering ("IPO") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 October 2024.

The IPO successfully raised RM57.4 million in proceeds to catalyse our next phase of growth, while enhancing access to capital markets, elevating our corporate profile, strengthening our industry positioning, and providing further financial flexibility.

In this inaugural year as a listed company, we achieved a record revenue of RM179.2 million and profit after tax ("PAT") of RM26.2 million, representing our strongest financial performance to date. This reflects the resilience of our business model, the strength of our brand, and our focus on delivering sustainable growth and long-term value for our stakeholders.

On behalf of the Board of Directors ("the Board"), it is my great pleasure to present Sorento Capital's first Annual Report as an ACE Market-listed company for FYE 2025.

BUSINESS OVERVIEW

Sorento Capital, through its subsidiaries (collectively known as "Sorento Capital Group" or "the Group"), is primarily engaged in the marketing, distribution and sale of bathroom and kitchen sanitary wares. Since our inception in 2005, we have broadened our product portfolio, establishing ourselves as a one-stop bathroom and kitchen sanitary ware solutions provider catering to both residential and commercial customers.

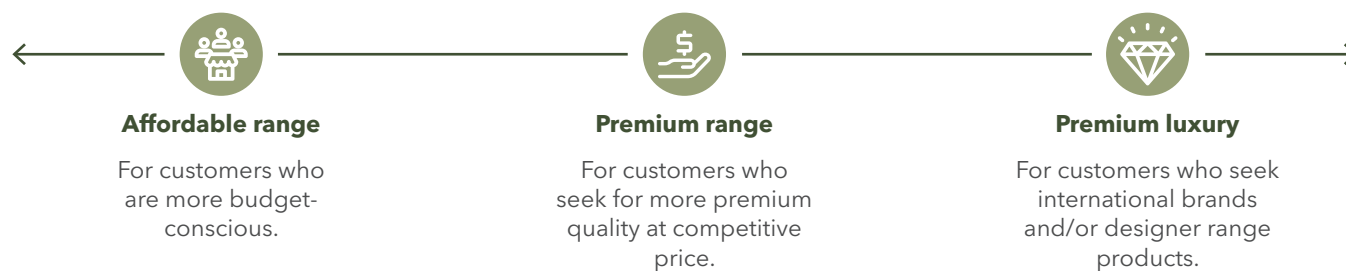
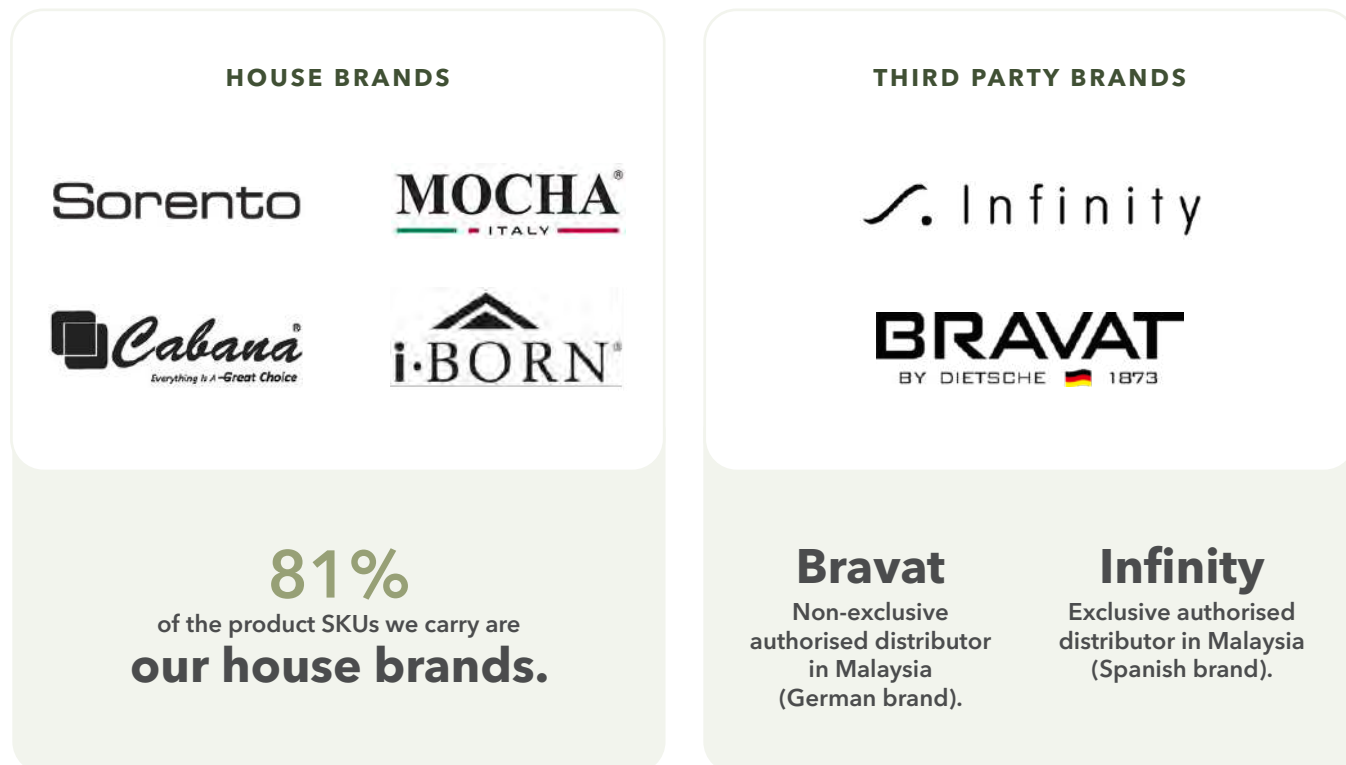
Our portfolio comprises a wide range of bathroom sanitary ware such as wash basins, water closets, jacuzzi, and bathtubs, as well as bathroom furniture, faucets, shower, bidets and bathroom accessories. In the kitchen category, our sanitary ware range includes sinks, faucets, and kitchen accessories.



(From left to right) Ms. Teh Lay Sim, Independent Non-Executive Director; Ms. Yeat Soo Ching, Independent Non-Executive Director; Ms. Christine Toh Hung Mei, Independent Non-Executive Director; Mr. Loo Jing Kai, Executive Director; Mr. Loo Chai Lai, Managing Director; Tuan Haji Ahmad Zakie Bin Haji Ahmad Shariff, Independent Non-Executive Chairman; Mr. Lee Chee Keong, Executive Director; together with representatives from Alliance Bank Malaysia Berhad and Alliance Islamic Bank Berhad.

MANAGEMENT DISCUSSION & ANALYSIS

For the FYE 2025, we carried a total of 5,613 stock keeping units ("SKU"), with 4,554 product SKUs or 81.1% marketed under our four established in-house brands: '**Sorento**', '**Mocha**', '**Cabana**', and '**i-Born**'.



Our flagship '**Sorento**' brand is positioned as a premium quality Malaysian brand, offering bathroom and kitchen sanitary ware at competitive prices and appealing to customers who value both quality and affordability.

MANAGEMENT DISCUSSION & ANALYSIS

Sorento



MANAGEMENT DISCUSSION & ANALYSIS

MOCHA[®]
— ITALY —



Cabana[®]
Everything Is A Great Choice

i·BORN[®]



MANAGEMENT DISCUSSION & ANALYSIS

Complementing this, **'Mocha'**, **'Cabana'**, and **'i-Born'** are marketed as more affordable brands that cater to more budget-conscious customers.

Beyond our in-house brands, we also serve as the authorised distributor in Malaysia for selected foreign luxury bathroom and kitchen sanitary ware brands. This includes the non-exclusive distributorship of the German brand **'Bravat'** and the exclusive distributorship of the Spanish brand **'Infinity'**.

This combination of in-house and third-party brands enables us to offer breadth and depth in our product range, serving customers across diverse segments, from budget-conscious homeowners to discerning premium lifestyle buyers, while delivering tailored solutions to meet diverse market needs.

BRAVAT
BY DIETSCH  1873

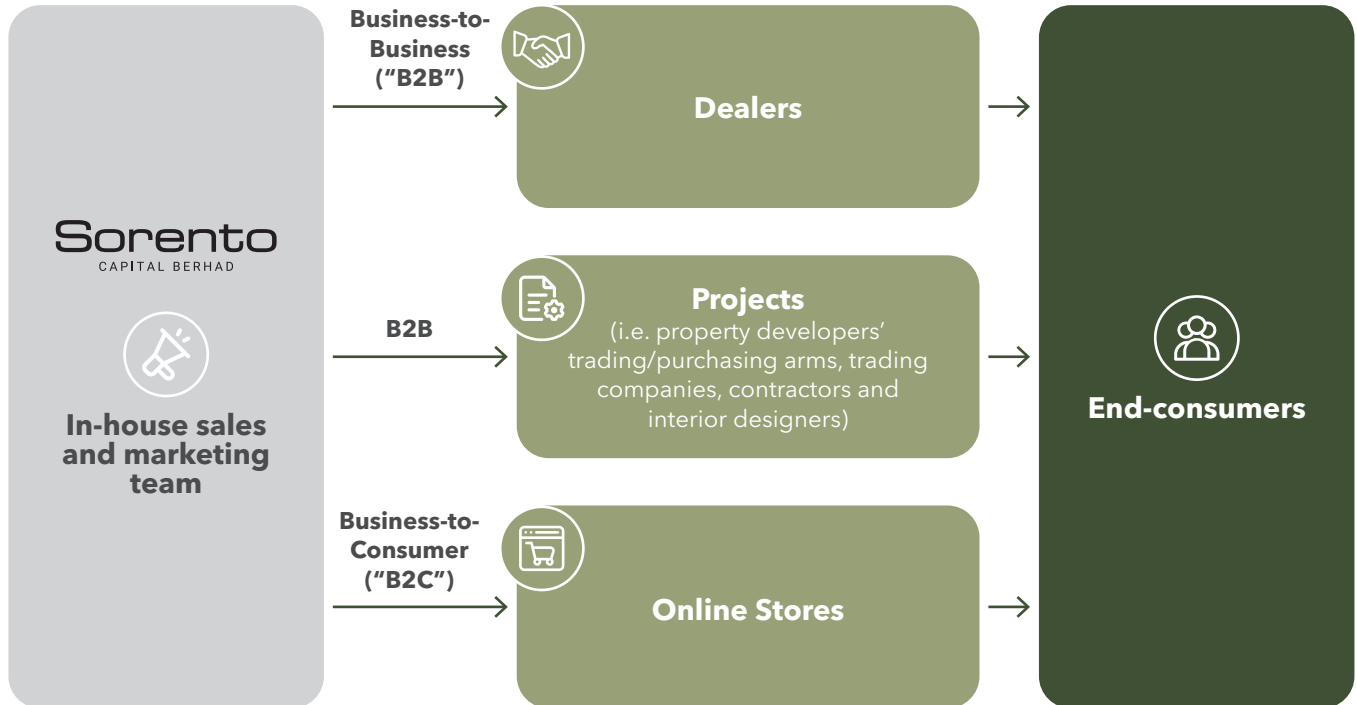


 **Infinity**



MANAGEMENT DISCUSSION & ANALYSIS

MULTI-CHANNEL DISTRIBUTION STRATEGY



Our distribution model is built on a multi-channel approach comprising dealers, project customers, and online platforms. As of FYE 2025, the Group maintained a nationwide network of 687 dealers and 175 project customers, which include property developers, trading companies, contractors, and interior designers. Our dealer network spans all regions of Malaysia, including Central, Northern, Southern, East Coast, and East Malaysia, enabling the distribution of bathroom and kitchen sanitary wares to dealers for onward sale to end consumers, ensuring wide market coverage and strong brand visibility.



Sorento Shop-in-Shop Concept



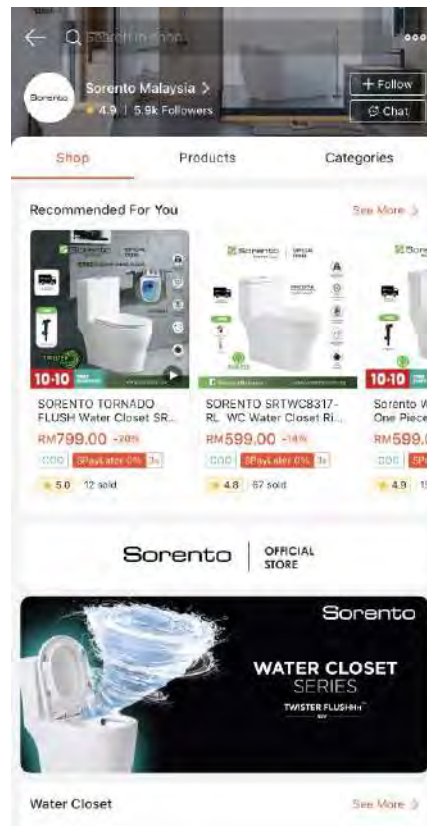
Sorento Exclusive Store Concept

MANAGEMENT DISCUSSION & ANALYSIS

In parallel, our project distribution channel allows us to supply products for residential and commercial property developments, covering new builds, refurbishments, and renovation projects. Among these are developments by established property developers such as UOA Development Bhd, SkyWorld Development Berhad, Mah Sing Group Berhad, IJM Land Berhad, and others. Project sales provide us with large volume orders and enhance our brand visibility within property projects and developments.

Complemented by our online sales channels, this approach enables the Group to serve both B2B and B2C markets effectively.

Supporting these operations are our strategically located facilities across key regions, including our headquarters and warehousing facilities in Bukit Raja, Selangor and Jalan Meru, Selangor. These facilities provide the necessary inventory capacity to ensure efficient distribution across Malaysia.



Sorento Online Official Shop on Shopee



Sorento Online Official Shop on Lazada



BUKIT RAJA, SELANGOR
(68,540 square feet)



JALAN MERU, SELANGOR
(65,804 square feet)

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE

Income Statement Highlights	FYE 2025	FYE 2024	Changes	
			RM' mil	%
Revenue (RM million)	179.2	151.5	27.7	18.3
Gross Profit ("GP") (RM million)	77.2	64.5	12.7	19.7
Profit Before Tax ("PBT") (RM million)	36.0	32.6	3.4	10.4
PAT (RM million)	26.2	24.4	1.8	7.4
GP Margin (%)	43.1	42.6	-	-
PBT Margin (%)	20.1	21.5	-	-
PAT Margin (%)	14.6	16.1	-	-

Revenue

In FYE 2025, the Group achieved its highest-ever revenue of RM179.2 million, an increase of 18.3% from RM151.5 million in the previous year. This double-digit growth was driven by the introduction of new bathroom and kitchen sanitary ware products, stronger dealer sales supported by higher market demand, and increased project sales underpinned by active project works and heightened home renovation activities. The momentum was further driven by continuous promotional initiatives and targeted marketing campaigns, which strengthened brand visibility and customer engagement.

Profitability

The Group's profitability continued to improve in tandem with revenue growth. GP rose to RM77.2 million from RM64.5 million in the previous year, an improvement of RM12.7 million or 19.7% year-on-year ("YoY"). GP margin edged up to 43.1% from 42.6% in the prior year, supported by price adjustments undertaken during the year as well as improved cost control measures. The Group remained disciplined in sourcing and supply chain management, ensuring operational efficiency and margin stability.

PBT grew to RM36.0 million for FYE 2025 versus RM32.6 million in the previous financial year, while PAT reached a record high of RM26.2 million, up from RM24.4 million in FYE 2024, representing a 7.4% increase.

Excluding one-off listing expenses of RM3.1 million incurred during the year, PBT and PAT would have stood even higher at RM39.1 million and RM29.3 million, respectively.

Revenue Breakdown By Distribution Channels

Income Statement Highlights	FYE 2025	FYE 2024	Changes	
	RM' mil	RM' mil	RM' mil	%
Dealers	118.1	97.8	20.3	20.8
Project-based sales	59.6	53.1	6.5	12.2
Online	1.5	0.6	0.9	150.0
Total	179.2	151.5	27.7	18.3

MANAGEMENT DISCUSSION & ANALYSIS



Dealers:

In terms of revenue contribution by distribution channel, the dealers network remained the largest contributor, generating RM118.1 million, or 65.9% of total revenue, representing a 20.8% YoY increase from RM97.8 million in FYE 2024. While more than 100 new dealers were onboarded during the year, the total dealer base only expanded modestly to 687 from 664 in the prior financial year, as the Group simultaneously streamlined its network by phasing out lower-performing dealers and prioritising high-performing dealers. This strategy enables more effective resource allocation, closer collaboration, and enhanced support, strengthening long-term partnerships with dealers that demonstrate strong growth potential.



Project-based sales:

Meanwhile, project-based sales contributed RM59.6 million, accounting for 33.3% of total revenue, marking a 12.2% YoY growth from RM53.1 million in the previous financial year. This growth was supported by an expansion of the project customer base to 175, up from 169 in FYE 2024, alongside increased project activity and stronger market demand. During the year, the Group also began exploring opportunities with new project customers, including G5 to G7 contractors as well as architects, which remain at an initial stage but are expected to contribute positively in the future as the project customer base continues to expand.



Online:

The remaining contribution was derived from online channels, which recorded RM1.5 million in revenue compared to RM0.6 million in FYE 2024, more than doubling YoY. This growth was driven by continuous promotional marketing campaigns. While online sales are not a major revenue driver, they play an important role in enhancing brand visibility and awareness, complementing the Group's core dealer and projectbased channels.

Cash Flow and Capital Resources

	FYE 2025 RM' mil	FYE 2024 RM' mil
Operating activities	17.7	6.5
Investing activities	(25.6)	(3.6)
Financing activities	28.8	(3.7)
Net increase/(decrease) in cash and cash equivalents	20.9	(0.8)

During FYE 2025, the Group reported a net increase of RM20.9 million in cash and cash equivalents, in contrast to the net decrease of RM0.8 million in FYE 2024. This improvement can be attributed to the various factors below:

- 1. Operating activities:** Net cash inflow from operating activities rose to RM17.7 million in FYE 2025 from RM6.5 million in FYE 2024, primarily supported by improved collection of trade receivables, and an increase in operating profit before changes in working capital.
- 2. Investing activities:** Net cash outflow from investing activities widened to RM25.6 million compared to RM3.6 million in the prior year, mainly due to placements in other investments, as well as movement in fixed deposits with maturity period exceeding three months.
- 3. Financing activities:** Financing activities generated a net cash inflow of RM28.8 million, reversing the net cash outflow of RM3.7 million in FYE 2024. This was largely driven by net proceeds of RM55.5 million raised from the IPO in October 2024 after netting off the listing expenses, partially offset by dividend payments and debt repayments.

As a result, the Group closed the year with a substantially higher cash position of RM20.9 million, reflecting stronger liquidity and providing enhanced financial flexibility to support ongoing operations and future investment opportunities.

MANAGEMENT DISCUSSION & ANALYSIS

Balance Sheet

	FYE 2025 RM' mil	FYE 2024 RM' mil
Total assets	195.8	142.1
Total liabilities	52.7	76.4
Total borrowings*	6.0	19.2
Total equity	143.1	65.7
Gearing ratio (times)	0.04	0.29

* Total borrowings include total interest-bearing indebtedness (excluding lease liabilities on right-of-use asset)

As at 30 June 2025, the Group's total assets expanded by RM53.7 million or 37.8% to RM195.8 million, up from RM142.1 million in the prior year. The increase was mainly attributable to higher fixed deposits with licensed banks, the placement in other investments, stronger cash and bank balances from IPO proceeds, and higher trade and other receivables in line with business growth.

Total equity more than doubled, rising by RM77.4 million or 117.8% to RM143.1 million as compared to RM65.7 million in FYE 2024. The growth was driven primarily by the increase in share capital from the IPO and higher retained earnings.

Correspondingly, total liabilities decreased by RM23.7 million or 31.0% to RM52.7 million in FYE 2025 from last year's RM76.4 million. The reduction was mainly due to repayment in loans and borrowings by utilisation of IPO proceeds as well as decrease in trade and other payables mainly due to higher repayment to supplier, dividend payout and decreased in the recognition of accrued purchases in relation to inventories in transit.

Reflecting the stronger equity base and reduced debt position, the Group's gearing ratio improved significantly to 0.04 times, down from 0.29 times in the previous year, highlighting its solid balance sheet and strong financial flexibility.

DIVIDENDS

In recognition of the Group's solid financial performance, the Board declared an interim single-tier dividend of 0.5 sen per ordinary share, amounting to RM4.3 million for the financial year ended 30 June 2025. This dividend, representing a payout ratio of 16.4% based on the Group's net profit of RM26.2 million, was paid on 21 March 2025.

UTILISATION OF PROCEEDS FROM THE IPO

	Proposed Utilisation		Actual Utilisation	Balance	Estimated Timeframe For Utilisation (from the date of Listing)
	RM' mil	%	RM'mil	RM'mil	
Branding and promotional marketing	6.0	10.5	1.1	4.9	Within 36 months
Expansion of dealer network and enhancement of distribution reach	6.0	10.5	1.4	4.6	Within 36 months
Repayment of bank borrowings	9.0	15.7	9.0	-	Within 12 months
Working capital for purchase of inventories	31.4	54.6	31.4	-	Within 24 months
Listing expenses	5.0	8.7	5.0	-	Within 1 month
Total	57.4	100.0	47.9	9.5	

As at 30 June 2025, the Group had utilised RM47.9 million or 83.4% of the total IPO proceeds of RM57.4 million. The balance of RM9.5 million (16.6%) remains allocated for future deployment.

Key utilisations include the full settlement of bank borrowings (RM9.0 million), listing expenses (RM5.0 million) and working capital for purchase of inventories (RM31.4 million). Meanwhile, RM1.1 million and RM1.4 million have been channelled towards branding and promotional marketing and dealers' network expansion respectively.

The utilisation is in line with the Group's business expansion plans, with the remaining balance dedicated to enhancing brand presence and expanding distribution reach to support long-term growth.

MANAGEMENT DISCUSSION & ANALYSIS

STRATEGIC UPDATES

Expansion into Johor with a New “Sorento Concept” Showroom

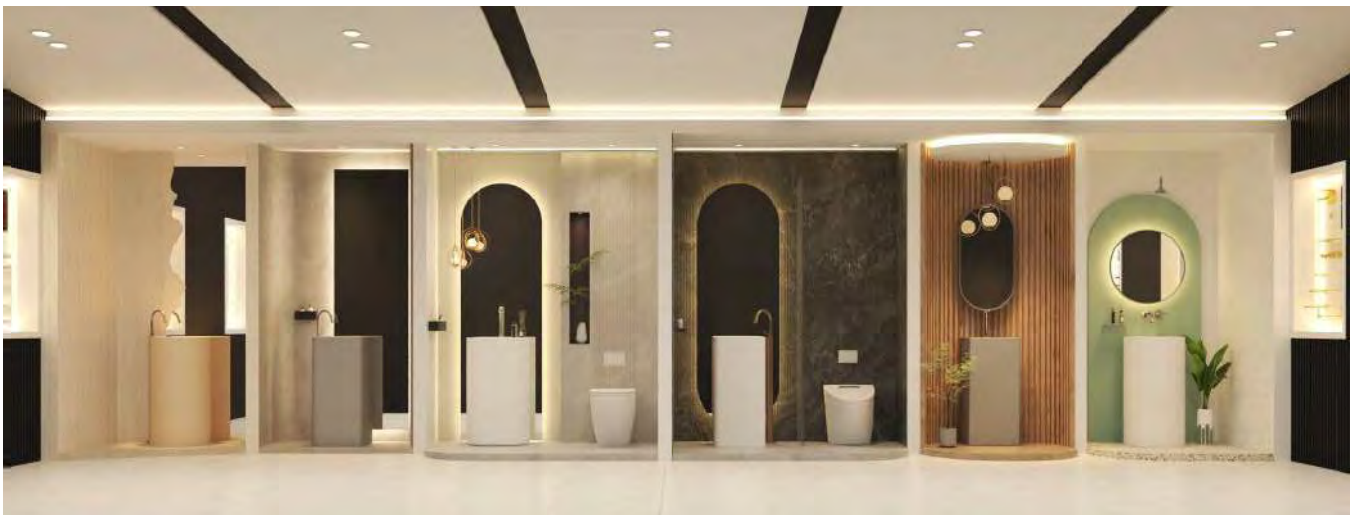


Illustration of Sorento Concept

MANAGEMENT DISCUSSION & ANALYSIS

We are strengthening our regional presence with the establishment of a new **"Sorento Concept"** showroom, designed with three primary objectives:

1

Brand Elevation and Product Innovation

Serving as the launch platform for the Sorento **Serene** series, our upcoming premium product line, Sorento Concept showroom underscores the Group's commitment to continuous innovation and brand enhancement. Alongside the **Serene** series, Sorento Concept showroom will showcase a curated portfolio of luxury products, including **'Bravat'** and **'Infinity'**, catering to discerning buyers who seek the highest standards of quality and design.

2

Establishing a Strong Presence in the Southern Market

The Southern region is rapidly emerging as one of Malaysia's fastest-growing markets for both retail and project segments, driven by government-led developments such as the Johor-Singapore Special Economic Zone ("JS-SEZ") and the Johor Bahru-Singapore Rapid Transit System ("RTS") Link, expected to be operational by the end of 2026, with a capacity to transport approximately 10,000 passengers per hour in each direction, according to Malaysia Rapid Transit Corporation. The establishment of Sorento Concept showroom in Johor has positioned us to capitalise on these growth trends. Moreover, Johor's proximity to Singapore, coupled with the favourable Ringgit-Singapore Dollar exchange, further strengthens the competitiveness and appeal of our products to both local and regional consumers.

3

Driving Sales Growth

Beyond its role in branding and market positioning, Sorento Concept showroom serves as a platform to engage with existing and prospective dealers, interior designers, and architects, catering to both domestic and Singaporean customers. This initiative addresses the demand for competitive pricing and lifestyle upgrades, creating a strong avenue for boosting sales and market penetration.

Sorento Concept showroom is scheduled for completion by the end of 2025 and is expected to be fully operational by first quarter of 2026. With these favourable developments, Sorento Concept showroom is expected to broaden our market reach, unlock new growth opportunities and reinforce our position in both domestic and regional markets.

Broadening Product Range



We are expanding our portfolio to include plumbing valves such as gate valves, angle valves, stop valves, and more, tapping into a largely unbranded market by introducing a reliable and recognisable product line under our brand portfolio. This initiative is currently in its initial stage, where we are actively testing the market and sourcing suitable products. Once fully rolled out, it is expected to strengthen our offerings and contribute positively to our business.

This addition complements our existing range of bathroom and kitchen sanitary ware, enabling us to cross-sell to builders, plumbers and end-users who already purchase our products, while also increasing overall customer spending. Backed by the strength of the **'Sorento'** brand and our established dealer network, the new range can be rolled out quickly and cost-effectively, with further growth opportunities through potential partnerships with major hardware retailers. This diversification strengthens our market presence and positions us to capture a greater share of customer demand.

MANAGEMENT DISCUSSION & ANALYSIS

Brand Enhancement and Marketing Initiatives

We continued to strengthen the **'Sorento'** brand through sustained, multi-platform marketing initiatives designed to enhance visibility, support our dealers, and engage end-consumers.

Throughout the year, we worked closely with our dealers to upgrade and modernise their showrooms, ensuring that the **'Sorento'** brand is consistently showcased in a professional and attractive retail environment. This initiative enhances customer experience while reinforcing dealer confidence in representing our products.



Newly upgraded trend-forward dealer showroom



At the same time, we pursued a broad range of marketing activities, including billboard advertising, social media campaigns, digital content, and collaborations with lifestyle influencers. These initiatives ensure our brand presence remains strong across both traditional and digital channels, positioning **'Sorento'** as a trusted and aspirational name in the home and lifestyle segment.



Sorento billboards strategically located along major highways

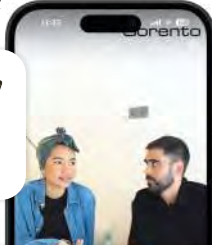


MANAGEMENT DISCUSSION & ANALYSIS

PRODUCT TESTIMONIALS BY CELEBRITIES

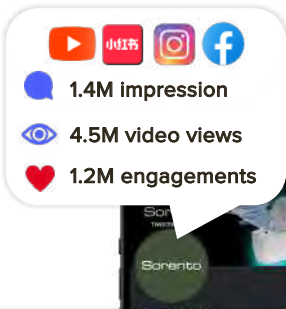
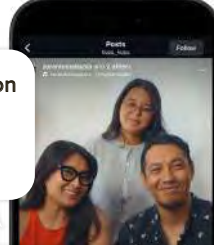
International Multiple Award Singer – Yuna

39.5K impression
43.7K reach
1.4K likes



Actress and Singer – Nabila Huda

260.4K impression
160.4K reach
4.5K likes



PRODUCT EXPERIENCE CONTENT THROUGH INFLUENCERS

1.8M impression
621.2K reach
16.4K likes



Boosting brand recognition via social media marketing

By keeping our brand visible, relevant, and fresh, we continue to build mindshare among consumers while strengthening our relationships with dealers. Our ongoing investments in marketing and branding form a vital part of sustaining long-term customer loyalty and driving growth.

MAJOR RISK FACTORS

Competitive Bathroom And Kitchen Sanitary Wares Industry



The bathroom and kitchen sanitary wares industry in Malaysia is highly competitive with numerous local and foreign brands vying for market share. Industry players generally compete on branding, pricing, product range and product quality. Any failure to remain competitive could result in customer loss, negatively impacting our business and financial performance.

To remain competitive, we position ourselves as a one-stop solution provider with a comprehensive portfolio of over 5,000 SKUs, serving both residential and commercial needs. Our extensive customer base of 687 dealers, 175 project customers and end consumers reflects our strong market presence. Customers often prefer established brands like ours for product durability, quality, reliability and safety.

Dependent On Third-Party Manufacturers



We are principally involved in the marketing, distribution and sale of bathroom and kitchen sanitary wares. Our house

brands are imported from third-party manufacturers in China. As we do not undertake any manufacturing activities, we rely on these manufacturers to produce goods according to our specifications and requirements. Consequently, our business operations are dependent on these suppliers, and any increase in raw material, shipping or labour costs could impact our cost of sales and margins if we are unable to pass these costs on to customers.

To mitigate this risk, we are diversifying our supplier network by sourcing new manufacturers and ensuring that we are not overly dependent on any single supplier. Similar products can be sourced from multiple manufacturers, reducing the risk of supply disruption. Additionally, our strong bargaining power with suppliers, supported by our profitability, has enabled favourable terms, with some suppliers even obtaining export licenses as a result of their partnership with us.

Exposed To Foreign Exchange Fluctuations



As a portion of our purchases from overseas suppliers, including third-party manufacturers, trading houses, suppliers and product principals, are predominantly denominated in United States Dollar ("USD") and Renminbi ("RMB"), we are exposed to foreign exchange fluctuations. Such volatility may affect our cost base and consequently, our profitability.

To manage this exposure, we enter into foreign exchange forward contracts with banking institutions to purchase USD and RMB for supplier payments. Where necessary, we may also enter into additional hedging arrangements to further minimise the impact of currency fluctuations.

MANAGEMENT DISCUSSION & ANALYSIS

Absence Of Contracts With Customers



As we sell products primarily on a purchase order basis, without binding long-term contracts, we are exposed to the risk of losing existing customers, including major customers. Such losses could adversely affect our financial performance if replacement sales or new customers are not secured in a timely manner. In response, we continuously prioritise customer satisfaction by improving our product offerings, maintaining strong relationships with existing customers, and expanding our network of new customers.

Excess Inventory Risk



We are exposed to the risk of excess inventory if actual demand falls short of sales forecasts. In such case, we may be unable to fully realise sales from excess stock, which could adversely affect our results of operations and financial condition. To support distribution and ensure product availability, we typically maintain a minimum inventory equivalent to four months of sales.

To date, our inventory write-offs have been minimal, limited to damaged goods amounting to RM5,630 in FYE 2021 and RM11,071 in FYE 2022, with no write-offs recorded in FYE 2023, FYE 2024, and FYE 2025.

FORWARD LOOKING

As we look ahead, we remain encouraged by Malaysia's resilient economic outlook. Bank Negara Malaysia projects gross domestic product growth of between 4.0% and 4.8% in 2025, supported by strong household consumption, robust domestic demand and a stable labour market, even amid global trade uncertainties and moderated export prospects.

The construction sector also continues to show strength, with the Department of Statistics Malaysia reported a 20.2% increase in the value of construction work done in 2024, reaching RM158.8 billion. In Q2 2025, the value of work done rose by 12.9% to RM43.9 billion, driven by activity in residential and non-residential buildings as well as special trades such as plumbing and electrical installations. Looking forward, this momentum is expected to support steady demand for renovation and refurbishment projects, segments where we have built a strong presence.

Furthermore, Bank Negara's recent reduction of the overnight policy rate by 25 basis points to 2.75% in July 2025 is expected to provide an additional boost to the property market by lowering borrowing costs and improving housing affordability, which in turn supports broader demand for our products.

At the same time, consumer preferences are shifting towards hygiene, sustainability and higher-quality living environments. Together with urbanisation and government-led housing and infrastructure initiatives, these structural trends are expected to provide further tailwinds for the bathroom and kitchen sanitary ware market.

We remain mindful of challenges such as raw material cost pressures, currency volatility and competition from low-cost imports. However, our focus on innovation, operational discipline and sustainability equips us with the agility to manage these headwinds while safeguarding profitability.

Against this favourable macroeconomic backdrop and strengthening industry dynamics, we are confident that Sorento Capital is well-positioned to capture emerging opportunities, deepen partnerships and deliver sustainable long-term value to our shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my heartfelt appreciation to Sorento Capital team for their unwavering dedication and commitment. Delivering record-breaking revenue is not just a milestone in numbers, but a reflection of the perseverance and teamwork that defines us.

I also wish to extend my gratitude to our stakeholders, customers, business partners, bankers and the relevant authorities for their continuous support and collaboration. To our valued shareholders, your trust and confidence remain a constant source of inspiration as we strive to create long-term value.

Each of these contributions has been vital to our journey, and I remain confident that together, we will continue to strengthen Sorento Capital's growth and success in the years ahead.

Sincerely,
Loo Chai Lai
Managing Director

SUSTAINABILITY STATEMENT



Sorento
CAPITAL BERHAD

Sorento Capital Berhad ("Sorento Capital" or "the Company") operates as an investment holding company, and through our subsidiaries (collectively known as "Sorento Capital Group" or "the Group"), the Group offers a comprehensive range of kitchen and bathroom solutions through a selection of trusted brands – from the value-driven collections that deliver quality and reliability to premium offerings that showcase refined design and craftsmanship. This diverse product portfolio enables the Group to cater to a broad spectrum of market needs while promoting sustainable living of consumers.

As a bathroom and kitchen sanitary ware solutions provider, we recognise that our role goes beyond delivering products. We are also responsible for managing the wider impacts of our operations, from how we source and distribute products, to how we engage with our employees, customers, and communities. This awareness underpins our sustainability journey; to balance growth with responsible practices that contribute to a more sustainable future.

SUSTAINABILITY STATEMENT



ABOUT THIS REPORT

This Sustainability Statement ("SS2025" or "the Statement") summarises Sorento Capital Group's approach for sustainability-related matters, encapsulating our Environmental, Social, and Governance ("ESG") initiatives and performance over the financial year ended 30 June 2025 ("FYE 2025").

Reporting Scope and Period

Unless otherwise stated, the Statement presents sustainability data and information for the reporting period from 1 July 2024 to 30 June 2025 in line with Sorento Capital Group's financial year. The scope of SS2025 covers the operations of Sorento Capital Group at our headquarters in Bukit Raja,

Klang, Selangor ("Bukit Raja Facility"), as well as warehousing facilities in Meru, Klang, Selangor ("Meru Facility"), and in Penang ("Penang Facility"). The Penang Facility remained in operation during the reporting period but was subsequently disposed of in June 2025.

The Statement covers the Company and its subsidiaries: -

- Sorento Sdn. Bhd. ("SSB")
- Beyond Bath Sdn. Bhd. ("BBSB")
- Nautical Sanitaryware Sdn. Bhd. ("NSSB")
- Ideal Bath Sdn. Bhd. ("IBSB")
- Mocha Sdn. Bhd. ("MSB")

Reporting Frameworks and Standards

The SS2025 is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities")'s ACE Market Listing Requirements ("Listing Requirements"), guided by the Sustainability Reporting Guide and Toolkits (3rd Edition). As we progress, we intend to gradually align our future disclosures with the *International Financial Reporting Standard S1 General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1"), and *IFRS S2 Climate-related Disclosures* ("IFRS S2"), in line with the transitional requirements under Malaysia's National Sustainability Reporting Framework.

Statement of Assurance

This SS2025 has been reviewed and approved by Sorento Capital's Board of Directors ("the Board") on 16 October 2025. Information and data disclosed in the SS2025 have been verified for accuracy by respective data owners and subsidiaries within the Group. This Statement has not been subjected to an assurance process by an independent assurance provider.

SUSTAINABILITY GOVERNANCE

To kickstart our sustainability journey, Sorento Capital Group has established an interim Sustainability Committee to coordinate and oversee sustainability-related matters across the Group. The Committee is chaired by an Executive Director ("ED") and comprises representatives from key departments such as Human Resources, Warehouse, Purchasing, Account, Marketing, and Safety, enabling cross-functional collaboration.

While a formal sustainability governance framework has yet to be established, these temporary arrangements ensure that sustainability matters are managed and reported to the Board accordingly.

Looking ahead, the Group plans to formalise a sustainability governance structure and embed sustainability-related matters within the management oversight process. This will provide clearer accountability and ensure that sustainability considerations are progressively integrated into our decision-making and business operations.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

Maintaining open and transparent communication with our stakeholders is fundamental to the way we operate. We engage with a diverse group of stakeholders through various platforms to better understand their expectations. These insights help shape our strategies and guide more effective decision-making, enabling us to focus on priorities that strengthen our business and support long-term value for our stakeholders.

We have identified 6 key stakeholder groups that hold influence on our business, with their respective areas of interest and engagement methods outlined in the table below.

Stakeholder Groups	Communication Channels	Areas of Interest
 Shareholders, investors, bankers and analysts	• Annual General Meeting • Annual reports • Quarterly reports • Press releases • Analyst briefings • Company website updates	• Sustainable financial returns • Ethical business practices
 Customers	• Business engagement visits • Regular updates and meetings • Social media • Sales, marketing, and promotional events	• Product quality and safety • Timely delivery • Customer service and experience • Design and features
 Employees	• Regular management meetings • Annual performance review • Social events • Festive celebrations • Training programmes	• Occupational safety and health • Employee appreciation, welfare, and benefits • Talent development • Fair and equitable treatment
 Suppliers	• Business meetings • Business reviews • Purchasing procedures and policies	• Ethical business practices • Occupational safety and health • Product quality and safety • Timely delivery • Supply chain efficiency
 Government / Regulators	• Regulatory disclosures and reporting • Annual audits	• Ethical business practices • Compliance with regulations
 Local communities	• Community events • Corporate Social Responsibility activities	• Community engagement • Contribution towards community • Responsible operations

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT

In FYE 2025, we undertook an initial materiality assessment to determine the matters most relevant to our business and value chain. The assessment was guided by Bursa Securities' Sustainability Reporting Guide and Toolkits (3rd Edition), supported by desktop research, peer benchmarking, and in line with regulatory requirements, including the Listing Requirements. We also drew on existing corporate disclosures and management input to shape this preliminary view.

As part of this exercise, we considered a preliminary set of key risks that may affect the Group's operations and industry context. The outcome is summarised in the following table. As this is an early-stage exercise, the table should be read as an indicative reference rather than an exhaustive list of risks.

No.	Category	Details of Risk	Our Response
1	Climate - physical	Physical climate risks such as flooding or extreme heat events may affect warehousing, logistics or deliveries.	• 2 of our warehouses in Klang, Selangor are situated on higher ground, which minimises their exposure to flooding. To date, we have not faced significant flooding issues. • Response is guided by the Group's Disaster Recovery Plan and Emergency Response Plan, which outline preparedness and recovery actions. • Inventory handling follows established Standard Operating Procedures ("SOPs"). • Delivery plans are adjusted with logistics partners during adverse weather. • The Group will continue to monitor local risk conditions and evaluate practical measures, where warranted, as part of business continuity planning.
2	Climate - transition	Evolving climate-related regulations or market expectations, including demand for low-carbon or environmentally certified products, may lead to higher compliance and operating costs.	• Environmental considerations have been introduced into operations and product selection. • Selected house-brand items carry recognised green certifications. • The Group monitors emerging regulatory requirements. • We plan to progressively strengthen compliance practices and related disclosures while assessing feasible improvement options over time.
3	Supply chain dependency	Dependence on foreign third-party manufacturers for the Group's house brand products creates exposure to supply disruption risks.	• The Group sources directly from multiple approved manufacturers, mainly in China, maintaining control over product design and specifications. • Terms are negotiated on a per-order basis for flexibility. • A minimum buffer of inventory is maintained. • Full annual count and planned quarterly cycle count support continuity. • Defect-handling and warranty processes are in place. • Supplier disruption scenarios are also addressed within the Disaster Recovery Plan to ensure continuity.
4	Supply chain visibility	Limited visibility into ESG practices across the supply chain may expose the Group to reputational or compliance risk.	• Current supplier management prioritises quality, delivery reliability, and pricing. • To explore simple due diligence and declaration steps for suppliers. • Plans to gradually incorporate ESG considerations into sourcing and performance reviews.
5	Compliance	Risk of non-compliance with product certification or regulatory requirements (e.g. SPAN, CIDB).	• Required certifications are obtained before importation and sale. • Dedicated personnel monitor certification expiry and renewal dates. • Strengthened internal tracking to avoid lapses.

SUSTAINABILITY STATEMENT

No.	Category	Details of Risk	Our Response
6	Product quality	Risk of product defects which may result in warranty claims, legal exposure or damage to brand reputation.	• Products are manufactured to the Group's specifications by approved suppliers. • Incoming goods are inspected on receipt; orders undergo further checks before packing and dispatch. • A mix of in-house and third-party logistics is used to safeguard handling. • Customer complaints are investigated to determine the cause and appropriate corrective action. • Defective products are returned or claimed back from suppliers. • Product warranty is provided for manufacturing defects. • Product liability insurance is maintained.
7	Cost volatility	Volatility in raw material and freight costs, especially for imported goods priced in foreign currencies, may impact profit margins.	• Foreign exchange and cost movements are closely monitored. • Dealer pricing is reviewed when deemed necessary to support cost recovery. • While no formal hedging policy is in place, settlements are managed through banking arrangements as appropriate. • Logistics costs are managed by sourcing proposals from multiple service providers to secure cost-effective and reliable options.

These risks provide context for the Group's sustainability journey. Building on this, the following section of this SS2025 details our management approach for sustainability across ESG pillars. We will continue to refine our assessment and disclosures as our sustainability practices and governance structures mature, including closer alignment with IFRS S1 and IFRS S2 in future reporting cycles.

OUR APPROACH TO SUSTAINABILITY

The Group's Sustainability Policy provides overarching guidance for integrating ESG considerations into our business activities. It emphasises responsible conduct, compliance with applicable laws and regulations, and the pursuit of long-term business sustainability.

The policy applies to employees and business partners, covering areas such as ethical practices, workplace standards, environmental responsibility, and sound governance. It also forms the basis for more detailed policies and SOPs across the Group. The Group will review and update the policy as needed to align with evolving regulatory requirements and stakeholder expectations.

SUSTAINABILITY STATEMENT

MANAGEMENT APPROACH



GOVERNANCE

ETHICAL BUSINESS PRACTICES

At Sorento Capital Group, we believe that doing business the right way is as important as driving commercial progress. Strong governance provides the foundation for maintaining integrity, accountability, and trust, supporting the Group's pursuit of sustainable growth.

The Group's operations are guided by a governance framework underpinned by policies and procedures outlining standards of conduct for our stakeholders, including the Board, our employees, customers, and suppliers. These policies are designed to ensure compliance with applicable laws and regulations, promoting ethical and professional behaviour in daily operations. For our customers and business partners, they provide assurance that dealings with our Group are conducted fairly and transparently. Collectively, these measures help safeguard the Group from operational and reputational risks while supporting a culture of integrity.

KEY POLICIES

- Board Charter
- Conflict of Interest Policy
- Directors' Fit and Proper Policy
- Remuneration Policy
- Sustainability Policy
- Anti-Bribery and Corruption Policy
- Whistleblowing Policy

Building on this governance foundation, we initiated an internal audit engagement in December 2024, focusing on the procurement management and warehouse process cycle, with the scope to be widened to other operational areas in the future. This will help us better anticipate emerging risks, strengthen organisational resilience, and align with the expectations of regulators, investors, and other stakeholders.

Code of Ethics and Conduct

Integrity within the Group is guided by the Code of Ethics and Conduct ("the Code"), which applies to all Directors and employees. It outlines clear expectations for compliance with laws and regulations, avoiding conflicts of interest, and preserving the Group's assets and information. The Code also sets standards for accountability, transparency, and professionalism in all business dealings. Any breach will be reviewed by the Board, which will determine the appropriate course of action.

Anti-Bribery and Corruption Policy

We uphold a strict zero-tolerance stance on bribery and corruption. To support this commitment, the Group has adopted an Anti-Bribery and Corruption ("ABC") Policy in line with Section 17A(5) of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018. The policy applies across the entire Group—including the Board, management, employees, and subsidiaries—as well as associated third parties such as suppliers, contractors, agents, and distributors, among others.

The ABC Policy defines clear standards of conduct to prevent bribery and corruption, including a "No Gift" principle with limited exceptions, as well as guidelines on hospitality and entertainment to avoid conflicts of interest.

Oversight of the ABC Policy is exercised through the Board, supported by the Audit and Risk Management Committee ("ARMC") and Internal Audit, which review corruption risks and report findings for appropriate action. The policy is reviewed at least once every 3 years, or earlier where necessary, to maintain its relevancy with legal and regulatory requirements.

Awareness of the policy is reinforced through training and awareness programmes, supported by formal signed declarations where employees and associated third parties are required to confirm their compliance with the ABC Policy.

New employees are introduced to the ABC Policy during onboarding, where they receive training and formally acknowledge their responsibilities from the outset of employment. **In FYE 2025, 100% of our employees received training on anti-corruption.**



100%

Employees Received Training on
Anti-Corruption in FYE 2025

SUSTAINABILITY STATEMENT

NUMBER OF EMPLOYEES RECEIVED TRAINING ON ANTI-CORRUPTION IN FYE 2025



95
(100%)
Executives



73
(100%)
Non-Executives

Total
168
(100%)

This policy is made accessible through internal communication channels and the Group's corporate website at www.sorentocapital.com, ensuring transparency for both internal and external stakeholders.

Whistleblowing Policy

The Group has also established a Whistleblowing Policy, providing a secure and confidential channel for employees to raise concerns or report suspected misconduct without fear of retaliation. The Whistleblowing Policy is reviewed periodically to ensure its relevance and effectiveness, and it remains accessible via our corporate website.

The Whistleblowing Policy promotes a culture of openness and responsibility by ensuring that issues are reported through the appropriate channels and addressed at the right level.

Whistleblowing Procedures

1

Complaint Received

Chairperson, Managing Director ("MD") or ED who receives the complaint shall maintain all complaints received, tracking their receipt, investigation, and resolution.

2

Report Screening

Each report shall be screened to assess its reliability and whether there is sufficient information to warrant an investigation.

3

Investigation

All reports will be investigated promptly by the person receiving the report or disclosure. If required, assistance from other resources within the Group can be sought.

4

Review and Deliberation

Upon completion of the investigation, an appropriate course of action will be recommended to the ARMC for their deliberation.

5

Resolution

The decision taken by the ARMC will be implemented immediately. Where possible, steps will also be implemented to prevent similar situations from arising.

6

Post-Actions

The ARMC shall then update the Board on the report of the status and outcome of the investigation and whether the effectiveness of the implementation of this policy requires their attention and approval.

SUSTAINABILITY STATEMENT

The policy safeguards individuals who report the concerns in good faith by ensuring their identities are kept strictly confidential, except where disclosure is necessary for investigation and made with their consent. Whistleblowers are also protected against retaliation of any kind, including discrimination, demotion, dismissal, or other adverse treatment. These measures are in place to provide employees and stakeholders with the assurance that they can speak up safely and without fear of repercussions.

This policy addresses a wide range of issues, including but not limited to as follows:



ZERO

Confirmed Corruption Cases in FYE 2025



ZERO

Whistleblowing Report Received in FYE 2025

In FYE 2025, Sorento Capital Group recorded zero (0) confirmed corruption cases and zero (0) whistleblowing reports.

SUPPLY CHAIN MANAGEMENT

As a provider of bathroom and kitchen sanitary ware solutions, Sorento Capital Group relies on a supply chain that spans both local and foreign suppliers. This network is vital in ensuring that products delivered to the market are of consistent quality, timely, and safe for end-consumers. Effective supply chain management therefore underpins business continuity, regulatory compliance, and customer trust.

Our procurement activities are guided by the Group's formal SOPs for Procurement, as well as for the Selection and Evaluation of Suppliers. Together, these SOPs establish structured processes that govern how vendors are identified, evaluated, and approved.

SUSTAINABILITY STATEMENT

Supplier Evaluation

Suppliers are evaluated against defined criteria including, among others, competitive pricing, proven production capabilities, consistent product quality, delivery reliability, and compliance with regulatory standards. These assessments are supported by a scoring system, which also takes into account product samples, factory inspections, and communication standards.

Vendors that meet these requirements are included in the Group's Approved Supplier Master Listing ("ASML"), which serves as the official register of the Group's qualified manufacturers. Procurement is exclusively carried out with suppliers on this list, ensuring consistency and accountability. Where suppliers do not qualify, the sourcing process is repeated until suitable alternatives are identified.

To ensure continued compliance, we conduct annual reviews of third-party manufacturers to evaluate the quality of their products and services. These assessments allow us to maintain a list of approved manufacturers, particularly for high-volume stock-keeping units ("SKUs") such as water closets, maintaining supply continuity. When a new supplier is required, potential suppliers are sourced through trade directories, industry contacts, or recommendations.

Key Criteria in Supplier Selection



Supplier Base and Sourcing Practices

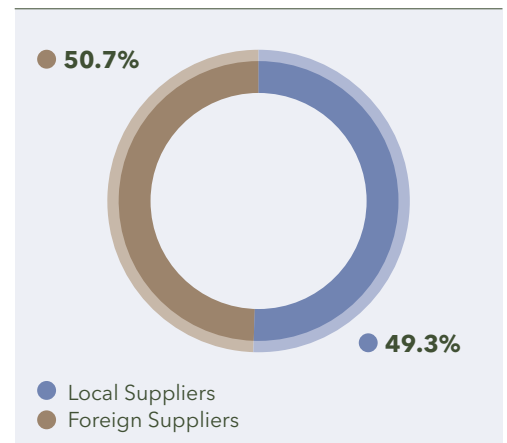
We maintain a network of both local and foreign suppliers to support our business needs. A portion of our products is sourced from overseas manufacturers, particularly in China. These foreign suppliers provide the main bathroom and kitchen sanitary ware products that form the bulk of our sales portfolio. Meanwhile, local suppliers complement this by providing plastic parts, components, and other related products that enhance and complete our range. Together, this mix of local and foreign sourcing ensures the Group can deliver a comprehensive offering to customers.

In FYE 2025, 49.3% of our suppliers were local and 50.7% were foreign. As for procurement spend, 97.4% was directed to overseas vendors, compared to 2.6% locally.

Given the concentration of sourcing expenditure towards foreign suppliers, the Group closely monitors the evolving global trade and regulatory landscape, while instituting measures to strengthen oversight and manage risks.

PROPORTION OF SUPPLIERS IN FYE 2025

(%)



SUSTAINABILITY STATEMENT

As part of our efforts, we engage directly with manufacturers without the use of intermediaries, allowing greater control over design, specifications, and packaging. Commercial arrangements with suppliers are made on a per-order basis, providing us with the flexibility to manage costs and adapt to changing business conditions.

To preserve product integrity, we enforce defect-handling procedures, including issuing credit notes and investigating root causes, as well as seeking compensation from manufacturers where appropriate. Customers benefit from warranty coverage on selected house brand products, providing additional assurance.

To further safeguard against supply disruptions, Sorento Capital Group maintains a minimum of 4 months' inventory for house brand products. Our inventory management processes include a full annual stock count. We are also planning to introduce quarterly random cycle stock counts, which will further help to identify inconsistencies, defective stock, or slow-moving products.



ZERO

Suppliers Non-Compliance Incidents
Reported in FYE 2025

In FYE 2025, there were zero (0) incidents involving suppliers non-compliance reported.

Looking ahead, we will continue to refine our supplier management practices, enhancing procurement decisions by integrating sustainability considerations, such as environmental performance and labour standards. These efforts will reinforce supply chain resilience, supporting the Group's long-term growth.

PRODUCT RESPONSIBILITY AND CUSTOMER SATISFACTION

Sorento Capital Group manages a diverse portfolio of house and third-party brands that serve different segments of the bathroom and kitchen sanitary ware market. Our product offerings include wash basins, water closets, bathtubs, bathroom furniture, faucets, showers, bidets, accessories, as well as kitchen sinks and related fittings.

Sorento

MOCHA
ITALY

Cabana
Everything Is A Great Choice

i-BORN



SUSTAINABILITY STATEMENT

'Sorento' is the Group's flagship brand, positioned as premium-quality Malaysian-branded bathroom and kitchen sanitary ware. It is widely recognised for its range of water closets, basins, faucets, and accessories, offering customers reliable quality at competitive prices while remaining accessible to a broad customer base seeking both quality and value. Complementing this are the Group's other house brands – 'Mocha', 'Cabana', and 'i-Born', which are marketed as more affordable bathroom and kitchen sanitary ware products that cater to more budget-conscious customers.

BRAVAT BY DIETSCH 1873 

For third-party brands, Sorento Capital Group is the authorised distributor of 'Bravat', a German bathroom sanitary ware brand, and the exclusive authorised distributor of 'Infinity' from Spain.

Product Quality

With a broad array of offerings, product quality is integral to all brands under Sorento Capital Group. To ensure consistency, inspections and quality control measures are embedded across our value chain, covering incoming stock, storage, distribution, and after-sales support.

Our quality check process is governed through the Group's Quality Control SOP, which details inspection requirements at multiple stages to ensure products are safe, reliable, and meet customer expectations. This end-to-end approach reinforces the Group's commitment to maintaining the highest standards of quality.



Product Quality Control Process



SUSTAINABILITY STATEMENT



Quality Assurance and Control Certifications

Sorento Capital Group reinforces quality assurance by complying with local and international standards. Our ceramic bathroom sanitary ware products are in line with the requirements of Malaysian Standards ("MS") under the *Procedures for Importing Construction Products (Fifth Edition, CIDB Act 1994)*. In addition, Sorento Capital Group has obtained the *Product Certificates of Conformity* issued by Watermarks Certification Malaysia, the *Certificate of Conformity* issued by IKRAM QA Services Sdn. Bhd. ("IKRAM") and the *Supplier Listing Certificate* issued by the *Suruhanjaya Perkhidmatan Air Negara* ("SPAN") for applicable products under the house brands. These certifications demonstrate that the Group's products are tested and verified for durability, in compliance with national regulatory requirements.

The Group also seeks to incorporate sustainability considerations into our product portfolio. Selected products under the '**Sorento**', '**Mocha**', and '**Cabana**' brands are registered under the *MyHIJAU Mark* with the Malaysian Green Technology and Climate Change Corporation ("MGTC"), confirming that they meet national green technology standards.



In addition, a broad range of water closets and taps under these brands are also registered under the Water Efficient Product Labelling Scheme ("WEPLS") by SPAN. These green certifications reflect our efforts in aligning product quality with water efficiency and environmental sustainability.



Customer Experience

Delivering a positive customer experience is essential to building long-term trust in the Group's brands. Beyond product quality, we place emphasis on responsiveness and service, ensuring that our customers feel supported throughout their engagement with us.

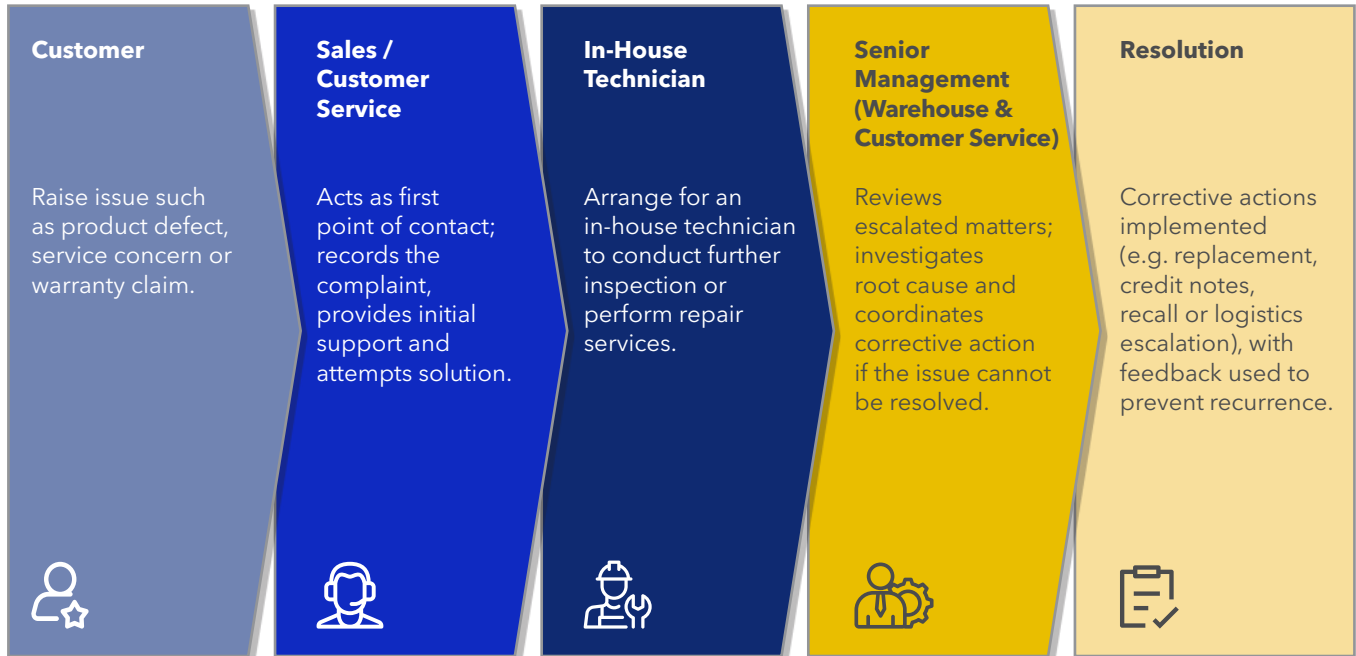
The Group maintains the official '**Sorento**' brand website at www.sorento.com.my, which serves as one of the primary customer engagement channels. In addition to providing product information and brand updates, the website offers customers a convenient avenue for inquiries and feedback.

The Group also values direct engagement with customers as a means of enhancing customer experience. Our Sales team schedules annual visits to key customers, creating opportunities to gather feedback and address concerns. While formal Customer Satisfaction Surveys have not yet been introduced, the insights from these visits help inform continuous improvements in product offerings and service delivery. As we grow, we will consider developing a Customer Satisfaction Survey as a potential approach for gathering customer input.

To ensure accountability, customer feedback is managed through an established escalation process, ensuring matters are addressed transparently and resolved at the appropriate management level.

SUSTAINABILITY STATEMENT

Customer Feedback Escalation Process



Warranties

The Group has a Warranty Policy in place that provides customers with assurance on selected product ranges under our flagship house brand, **'Sorento'**. This policy is supported by a structured claims process, where reported defects are reviewed promptly to ensure timely resolution.

Customers can submit their warranty claims through **'Sorento'** brand website at www.sorento.com.my. For any further assistance needed during submission, customers can contact us via email sorento@sorento.com.my.

When issues such as hairline cracks or broken parts are reported, we carry out investigations to determine whether the root cause lies in manufacturing or logistics. Depending on the findings, corrective actions may include product replacement, issuance of credit notes, or escalation to third-party logistics providers. Where a product recall is required, affected items are collected from customers and replaced with an alternative model.

For third-party brands where the Group serves as the authorised distributor, warranty claims are facilitated through dealers and coordinated with brand principals, ensuring customers receive the necessary after-sales support.

These warranties are an important part of our after-sales support, safeguarding customers against manufacturing defects and maintaining confidence in the Group's product offerings.

In FYE 2025, we submitted 41 claims to suppliers for defective or non-conforming items, amounting to approximately RM157,700. This represents a significant increase compared to the prior year's total claim value of approximately RM61,700, primarily due to a product return involving a batch of kitchen sinks where certain quality issues were not detected prior to shipment. These defects were identified during our quality check process, and the supplier has since acknowledged the lapse in their inspection procedures.

We have mechanisms in place to address product recalls. During FYE 2025, there were several product recalls in relation to manufacturing defects. All affected items were promptly collected from customers, and replacements with alternative models were provided. There were zero (0) product recalls related to safety matters during the year.

Moving forward, the Group will continue to review our customer experience practices to further enhance engagement and service delivery.

SUSTAINABILITY STATEMENT



ENVIRONMENTAL

COMPLIANCE WITH ENVIRONMENTAL LAWS

At Sorento Capital Group, we acknowledge the importance of managing our environmental impact as a bathroom and kitchen sanitary ware solutions provider. Although we are not directly involved in manufacturing, our operations contribute to a carbon footprint through energy use in facilities, fuel consumption in logistics, and waste from warehousing and packaging activities.

We aim to minimise these impacts by embedding environmental responsibility into our daily activities. Operational controls are in place to manage resources efficiently and reduce environmental risks.

Our environmental management approach is shaped by the Group's Sustainability Policy, which sets out commitments to responsible resource use, reducing energy and material consumption, preventing pollution, and ensuring safe waste management, among others. This framework provides the basis for how we monitor and address our environmental footprint, particularly in relation to energy, emissions, and waste.

Compliance underpins this commitment. We adhere to relevant environmental laws, regulations, and industry standards, including the Environmental Quality Act 1974 and guidelines issued by the Department of Environment ("DOE") and SPAN.

In FYE 2025, the Group recorded zero (0) cases of major incidents, fines or non-monetary sanctions related to non-compliance with environmental laws and regulations, reflecting the effectiveness of our governance.



ZERO

Cases of Environmental
Non-Compliance in FYE 2025

CLIMATE CHANGE AND ENERGY MANAGEMENT

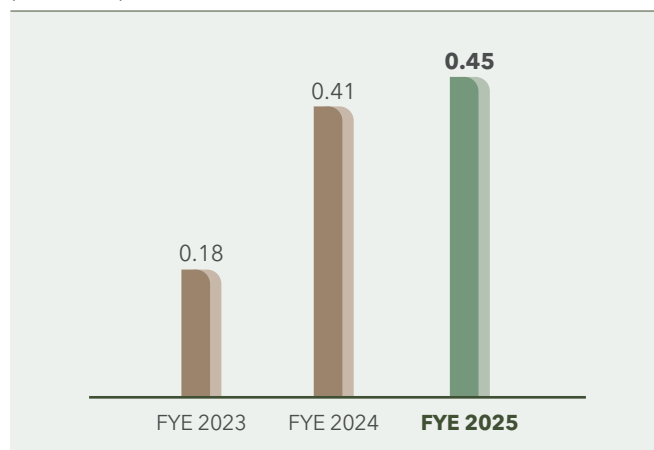
Climate change is one of the defining global challenges of our time, with far-reaching implications for businesses, communities, and the environment. Rising temperatures, shifting weather patterns, and increasing regulatory and market pressures are reshaping the way companies operate. At Sorento Capital Group, we recognise that building long-term resilience requires mindful management of our carbon footprint, while preparing for emerging climate-related risks and opportunities.

Energy Use and Greenhouse Gas Emissions

The Group's energy use comes from 2 main sources—electricity and fuel. Electricity powers our internal operations, including lighting, equipment, elevators and forklifts, while fuel is primarily consumed by our lorries and vans for product delivery. Both sources directly contribute to our greenhouse gas ("GHG") emissions, with electricity use reflected in Scope 2 emissions and fuel consumption in Scope 1 emissions.

ELECTRICITY CONSUMPTION

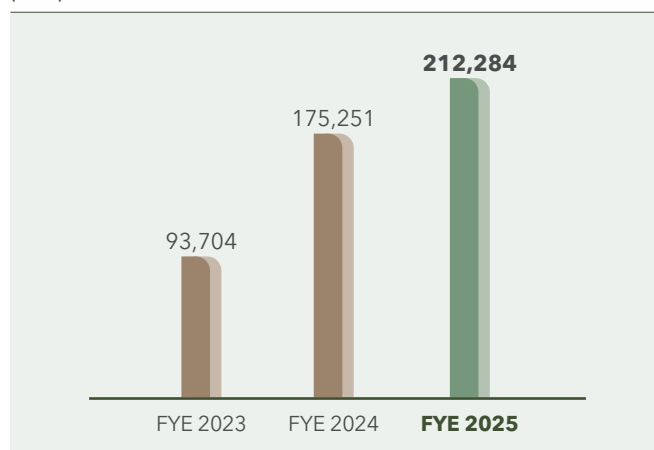
(million kWh)



Note: FYE 2023 electricity consumption reflects data for Bukit Raja Facility from January 2023 to June 2023 as utility expenses were not attributed to the Group prior to this period. It also includes full year data for the Penang Facility. Electricity consumption for Meru Facility was recorded only from June 2023 onwards.

FUEL CONSUMPTION

(litres)



Note: FYE 2023 fuel consumption excludes data from MSB.

SUSTAINABILITY STATEMENT

In FYE 2025, electricity consumption increased slightly to 0.45 million kilowatt-hours ("kWh"), with fuel usage amounting to 212,284 litres. These upward trends correspond with the Group's stronger sales performance and higher order fulfilment volumes in FYE 2025, underscoring the need to balance growth with the broader risks related to climate change.

Tonnes of carbon dioxide equivalent (tCO ₂ e)	FYE 2023	FYE 2024	FYE 2025
GHG Scope 1 Emissions	229.23	448.14	535.88
- From fuel consumption			
GHG Scope 2 Emissions	136.76	316.88	345.48
- From electricity consumption			

*GHG emissions were calculated in accordance with the GHG Protocol.

The Group leverages technology, namely the Centralised Sustainability Intelligence ("CSI") Solution by Bursa Securities, as part of strengthening our sustainability management. The CSI Solution provides a suite of tools to help measure, manage, and report carbon emissions and sustainability risks. By utilising this platform, we can streamline climate-related reporting and monitor our carbon footprint more effectively. This initiative positions the Group to be better prepared for future disclosure requirements and evolving stakeholder expectations.

Climate-Related Risks

Climate-related risks are generally grouped into two (2) categories, as outlined below.



Physical Risks

Physical risks refer to the direct impacts of climate change itself, such as extreme weather events or gradual shifts in climate patterns. These risks can disrupt infrastructure, supply chains, and day-to-day operations.

For Sorento Capital Group, such risks are relevant as any disruption in product availability or delivery timelines could compromise business continuity. Heavy rainfall and flooding remain relevant matters, with potential to damage stored packaging materials and delay deliveries. While our warehouses are located in an elevated area not prone to flooding, we remain vigilant to the possibility of climate-related disruptions.



Transition Risks

Transition risks stem from the global response to climate change, including the introduction of new policies and regulations, as well as shifts in consumer preferences as economies move towards lower carbon and more resource-efficient practices. While these risks are currently not significant to the Group, they remain an area to monitor given our reliance on overseas suppliers for the bulk of our sanitary ware products.

Potential impacts could include higher product costs should suppliers be subject to stricter environmental regulations, or shifts in demand as customers increasingly look for environmentally-friendly options. Although these risks are not expected to have a material short-term effect on the Group, they highlight the importance of keeping abreast of market and regulatory trends.

SUSTAINABILITY STATEMENT

Climate Adaptation and Mitigation Measures

To manage our exposure to climate risks and reduce our environmental footprint, the Group has put in place a range of measures across operations and product stewardship.

Operational Practices

We incorporate energy-conscious practices into daily operations to reduce unnecessary consumption and emissions. Employees are encouraged to switch off electrical and electronic devices such as lighting, air-conditioning, and warehouse equipment when not in use. Preventive maintenance schedules are in place for company vehicles to optimise fuel efficiency and support compliance with emission standards.

In addition, we monitor electricity and fuel usage across our warehouses and logistics fleet to identify trends and areas for efficiency improvements. While we have yet to adopt renewable energy, these actions represent early steps towards decarbonisation by lowering energy intensity and reducing reliance on fossil fuels.

In parallel, the Group continues to observe developments in regulations and customer expectations. By strengthening our sustainability practices and disclosures, the Group is better equipped to manage transition risks and drive operational efficiency.

Business Continuity and Climate Adaptation

Recognising the risks of extreme weather, we implement measures to strengthen climate resilience and operational continuity. While the Group's facilities are generally resilient, 2 of our warehouses located in Meru and Bukit Raja, Klang, are in areas with minimal flood exposure and are positioned on higher ground, which reduces the risk of direct flooding. However, as an added precaution, stocks are stored on elevated racks to avoid water damage in the event of flooding. A small portion of stock, particularly carton-packaged goods placed on the ground, may still face exposure, and this is closely monitored to minimise potential losses.

Flooding or heavy rainfall could also disrupt delivery schedules. However, such disruptions are expected to be brief. In these cases, the Group will proactively communicate with clients to explain the circumstances, helping maintain transparency and client confidence despite unforeseen delays.

To build longer-term resilience, the Group has developed a Disaster Recovery Plan ("DRP") covering warehouse operations, logistics, IT systems, and supply chain processes. The DRP details preparedness, response, and recovery measures for disruption scenarios such as floods, fires, power failures, or supplier disruption, with defined recovery time targets and alternate arrangements where necessary. Implementation of the DRP is supported by a dedicated Disaster Recovery Plan Team.

Complementing the DRP, the Group has also put in place an Emergency Response Plan ("ERP") to ensure a coordinated and timely response to emergencies. It applies to scenarios such as fire, flood, medical emergencies, and natural disasters. Emergency Response Teams ("ERTs") have been established at our warehouses in Meru and Bukit Raja, with members assigned to specific functions such as Emergency Manager, Evacuation Controller, Floor Warden, First Aider, and other designated roles. Their role is to protect employee welfare, secure premises, and coordinate immediate action during incidents. The ERP shall be reviewed and updated at least once a year.

We also monitor weather forecasts and climate updates so that potential issues can be anticipated in advance. Meanwhile, close collaboration with our logistics partners helps identify and secure alternative transport routes whenever primary routes are affected. In addition, our delivery schedules are managed with flexibility, allowing adjustments to minimise delays even during adverse weather conditions.

Product Stewardship

Our commitment to climate responsibility extends to our product portfolio, where products are designed for durability and long-term use. This reduces the need for frequent replacement, lowering lifecycle impacts. We reinforce this by offering a lifetime warranty to our customers for **'Sorento'** key product categories such as ceramic bodies of water closets, urinal bowl and squatting pans, wash basins, tankless ceramic water closets, intelligent water closets, and ceramic kitchen sinks.



Intelligent Water
Closet



Squatting Pan



Urinal Bowl

At the same time, we integrate sustainability considerations across the **'Sorento'**, **'Mocha'**, and **'Cabana'** brands. Selected products including taps, fittings, and water closets are certified under the *MyHIAU Mark*, confirming compliance with national green technology standards. Some of our offerings are also registered under SPAN's WEPLS, which recognises water saving performance.

We are also exploring low-carbon product options to reduce emissions during the use phase. By enhancing durability and efficiency in use, we aim to minimise overall lifecycle emissions.

As we progress, we will continue to work closely with stakeholders to drive down carbon emissions, integrating energy and water-efficient initiatives into our operations and product designs to support a more sustainable future.

SUSTAINABILITY STATEMENT

WATER MANAGEMENT

Sorento Capital Group recognises water as a vital shared resource, even though our operations are not water-intensive. Our supply is drawn from municipal sources, and water is mainly used in our offices and warehouses for domestic consumption, cleaning, sanitation, landscaping, fire suppression systems, and general office purposes. We remain mindful of the need to manage this resource responsibly and efficiently.

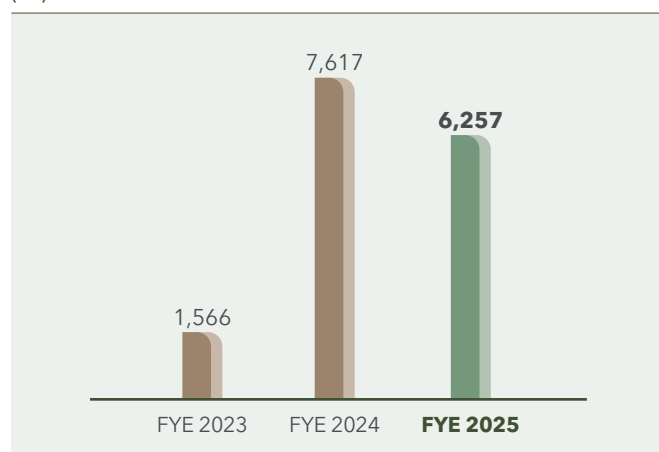
Our overall exposure to water scarcity risks is considered low, given that we do not operate in a heavy industry sector. Nevertheless, we acknowledge that climate change or regulatory changes could increase water costs or affect availability in the future.

To manage usage effectively, we embed water conservation into daily operations. Employees are encouraged to practice simple yet effective habits such as turning off taps when not in use and promptly repairing leaks or addressing abnormal consumption. Monthly monitoring of consumption enables us to identify inefficiencies quickly, enabling immediate repairs.

Selected house brand items, such as water closets and taps, are certified under the *MyHIAU Mark*, while several models are registered under SPAN's WEPLS. These certifications provide assurance to customers that our products support responsible water use.

WATER CONSUMPTION

(m³)



Note: FYE 2023 water consumption reflects data for Bukit Raja Facility from January 2023 to June 2023 as utility expenses were not attributed to the Group prior to this period. It also includes data for Penang Facility from September 2022 onwards. Data for Meru Facility is tracked commencing from FYE 2024 onwards.

In FYE 2025, there was a reduction in water consumption to 6,257 m³, mainly due to the implementation of water-saving measures within the warehouse facilities. These include the installation of low-flow fixtures, increased staff awareness on responsible water usage, and limited need for water-intensive activities in warehousing operations.

WASTE MANAGEMENT

As part of our environmental responsibilities, we remain mindful of the waste generated through our day-to-day operations. Our operations generate waste primarily from packaging materials, warehousing activities, and product handling. Our focus is on managing this effectively based on the principles of reduce, reuse, and recycle ("3R").

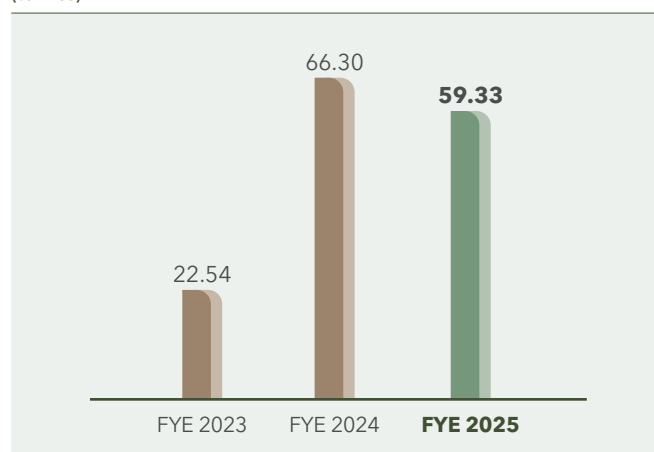
As part of our measures, we reduce waste by limiting the printing of catalogues and brochures by making them available online on our website to lower paper consumption. At the same time, we reuse materials wherever possible, such as wooden pallets for warehouse storage and packaging scraps repurposed as fillers and protective cushioning in product cartons. Moreover, we recycle by sorting waste into paper, plastics, e-waste, and general waste to ensure proper segregation and make recycling more effective.

Our operations only generate non-scheduled waste, such as packaging materials, food waste, paper, plastics and pallets. To manage this responsibly, these wastes are placed in designated areas before being collected and transferred to authorised landfills by third-party waste collectors approved and appointed by *Majlis Bandaraya Diraja Klang* ("MBDK").

All waste management activities were carried out in compliance with applicable regulations and requirements, ensuring proper handling and disposal in line with national standards on waste management.

WASTE GENERATED

(tonnes)



Note: FYE 2023 waste volume reflects data for Bukit Raja Facility from March 2023 to June 2023 as tracking only began during this period. Data for Penang Facility and Meru Facility are not tracked from FYE 2023 - FYE 2025 as the data are not available from our appointed waste management company.

In FYE 2025, we generated lower volume of non-scheduled waste of 59.33 tonnes, a 10.5% reduction from 66.30 tonnes in the previous year, due to greater reuse of packaging materials and increased staff awareness on minimising general waste.

SUSTAINABILITY STATEMENT



SOCIAL

LABOUR PRACTICES & HUMAN RIGHTS

Respect for labour rights and human dignity forms the foundation of Sorento Capital Group's workplace practices. These principles are formalised in the Group's Employee Handbook, which is a central resource outlining employment terms and conduct expectations in line with Malaysia's labour laws. Issued to all new employees during onboarding, it sets out clear provisions on key matters such as fair wages, working hours, expectations of employees, as well as employment benefits to ensure transparency and consistency across our workforce.

Equal opportunity is a core principle. Employment opportunities are provided on an equal basis, with appointments, promotions and rewards determined by merit and performance. The Employee Handbook reinforces the Group's non-discrimination policy, which prohibits bias on the grounds of race, religion, gender, age or other protected characteristics. It also makes clear that employment is based on free choice, prohibiting forced labour, child labour or exploitative practices.

A safe and respectful workplace is further upheld through the Group's Occupational Safety and Health Policy, ensuring employees carry out their duties in a secure environment. Meanwhile, the Sexual Harassment Policy reinforces our zero-tolerance stance towards unwanted conduct of a sexual nature.

Employees are provided with avenues to raise grievances in a safe and confidential manner. The Employee Handbook outlines a formal procedure for reporting sexual harassment, where complaints are directed to the Human Resources & Administration Department and investigated independently with confidentiality maintained. Other workplace matters are addressed through established human resources ("HR") and disciplinary processes, ensuring that issues are managed fairly and in accordance with company policies.

The Group facilitates employee separation through a handover checklist to ensure work continuity. With effect from 1 August 2025, we have also introduced an exit interview questionnaire form, enabling departing employees to share their perspectives and highlight opportunities for improvement in workplace practices.

Our responsibility extends beyond our own employees to include our supply chain. Supplier assessments, including factory visits and checks on labour conditions, help ensure that partners align with fair and ethical practices. By engaging with suppliers on labour standards, the Group promotes responsible practices across its value chain.

In FYE 2025, Sorento Capital Group recorded zero (0) non-compliance cases with applicable labour standards, laws, and regulations, and zero (0) substantiated complaints concerning human rights violations.



ZERO

**Human Rights Violations
in FYE 2025**

Furthermore, the Group reported a total employee turnover of 28 individuals during the year due to voluntary resignations and natural attrition. This turnover level is monitored closely to ensure that workforce stability and organisational knowledge are maintained.

	FYE 2023	FYE 2024	FYE 2025
Employee turnover	21	17	28
- Executive	8	5	16
- Non-Executive	13	12	12

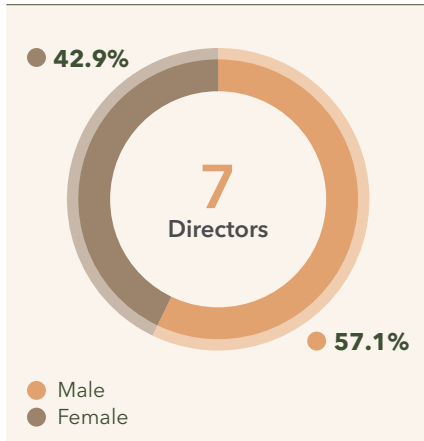
DIVERSITY

Sorento Capital Group recognises that diversity in our workforce is a source of strength and resilience. We value the different perspectives and experiences that our employees bring, which support collaboration and inclusive workplace culture. The Group's commitment to equal opportunity and non-discrimination is anchored in the Employee Handbook.

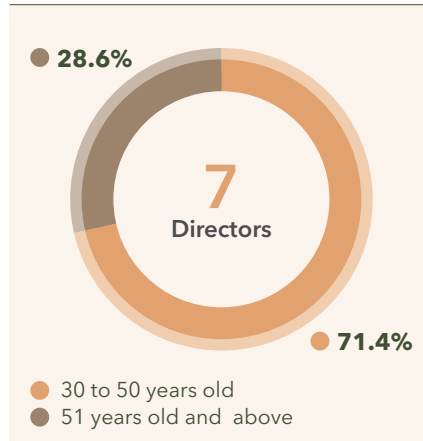
As at 30 June 2025, Sorento Capital Group's workforce stood at 168 employees. Women accounted for 44.0% of our workforce, reflecting gender inclusivity. In terms of age distribution, 66.1% of employees were between 30 and 50 years old, forming a strong base of experienced professionals whose technical expertise, industry knowledge and leadership capabilities support the development of younger employees and enable skills transfer across the organisation.

SUSTAINABILITY STATEMENT

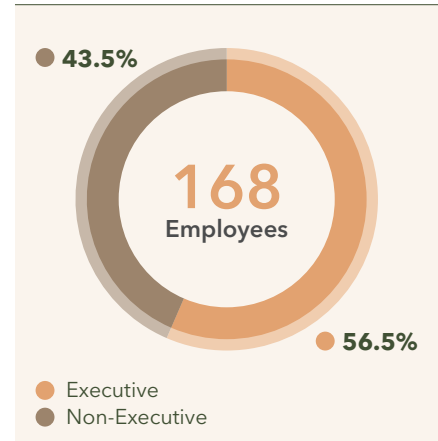
**DIRECTORS
BY GENDER**



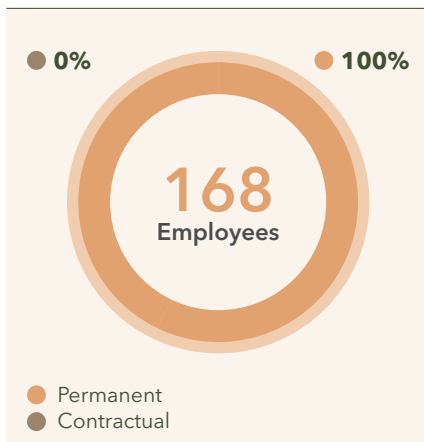
**DIRECTORS
BY AGE GROUP**



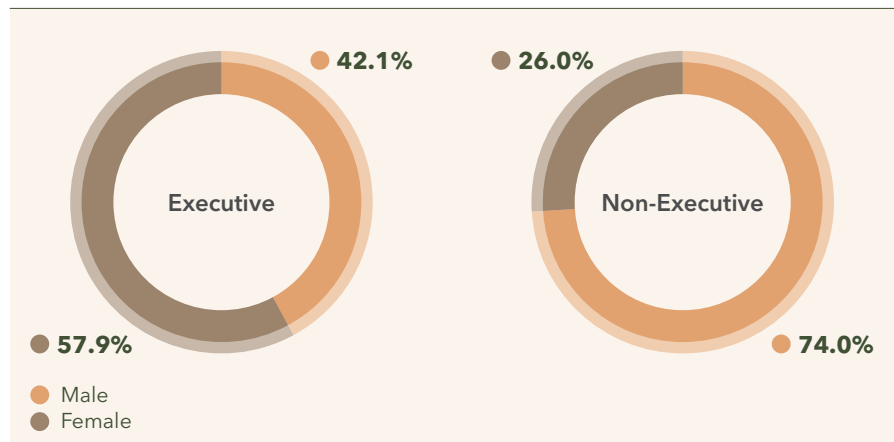
**EMPLOYEES
BY EMPLOYEE CATEGORY**



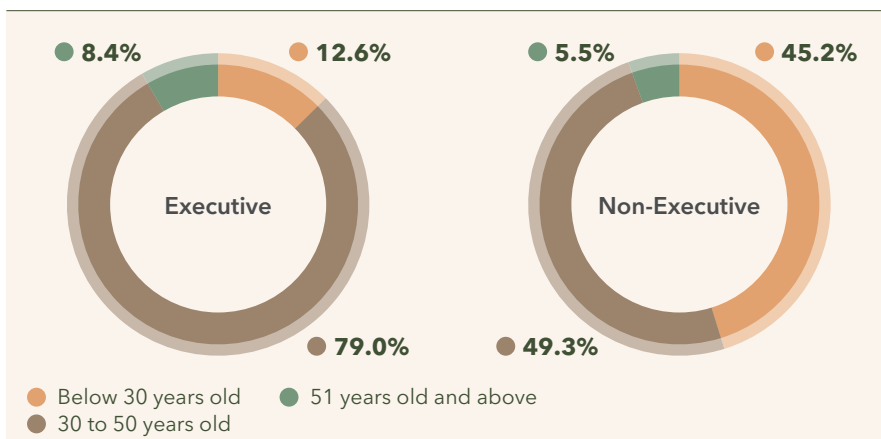
**EMPLOYEES
BY EMPLOYMENT TYPE**



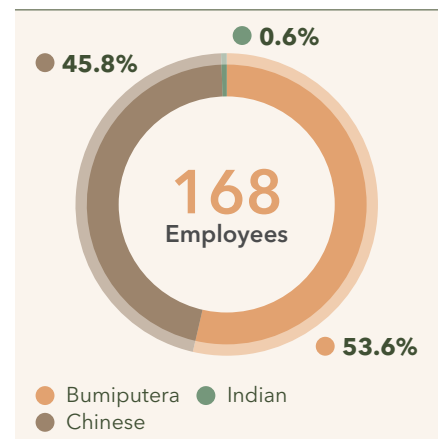
**GENDER
BY EMPLOYEE CATEGORY**



**AGE GROUP
BY EMPLOYEE CATEGORY**



**EMPLOYEES
BY ETHNICITY**



SUSTAINABILITY STATEMENT

TALENT MANAGEMENT

Talent Attraction & Retention

Attracting the right talent begins with accessibility and visibility. The Group facilitates this by maintaining a dedicated careers page on our brand website at www.sorento.com.my for general applications, while vacant roles are actively advertised. The Group also maintains a presence on recruitment platforms, enabling access to a wide pool of candidates.

New employees are onboarded with the Employee Handbook, which informs workplace standards, policies, and entitlements in line with Malaysia's labour laws. All new hires undergo a probationary period of 3 to 6 months, during which their performance and suitability for the role are assessed.

Talent retention is supported through competitive reward structures. Employees receive fair remuneration packages in line with industry benchmarks and national labour laws such as the Employment Act 1955 and the Minimum Wages Order 2022. These include benefits such as statutory benefits, annual increments, performance bonuses, and other allowances.

To maintain engagement, the Group communicates through internal memorandums and circulars, ensuring transparency and alignment on Group policies and organisational updates. Meanwhile, we organise various activities and celebrate cultural and festive occasions to promote team bonding. These initiatives foster stronger relationships among

employees, create a sense of belonging, and encourage cross-cultural appreciation within the workplace. The spirit of unity is further demonstrated through employee-initiated activities, including futsal, football, and badminton tournaments.

Employee benefits



Leaves

- Annual leave
- Marriage leave
- Maternity leave up to 98 days
- Paternity leave



Allowances

- Overtime
- Meals
- Accommodation & Travelling



Others

- Medical coverage
- Company-provided mobile phones (selected employees)
- Mileage
- Toll & Parking
- Company car (selected employees)
- Office attire (uniform)



Chinese New Year 2025 celebration

SUSTAINABILITY STATEMENT



Staff Appreciation Night in conjunction with Sorento Capital Berhad's listing on Bursa Securities



Futsal tournament



Badminton tournament



Football tournament



Christmas gift exchange

SUSTAINABILITY STATEMENT

Talent Development

The Group places strong emphasis on developing employees to reach their full potential. Training and upskilling are key to ensuring our people are equipped with the knowledge and competencies needed to perform effectively in their roles and to adapt to a changing business environment.

Employee performance and development needs are assessed through annual performance reviews, which serve as the basis for identifying individual training requirements and career advancement opportunities.

In parallel, the Group provides training programmes that address functional and organisational priorities. These include technical skills development, regulatory compliance training, and leadership capabilities to prepare employees for future responsibilities.

In FYE 2025, employees attended 19 training programmes, clocking in a total of 845 training hours. The sessions covered a variety of topics including enhancing employees' regulatory knowledge, financial literacy and technical expertise, as listed below:

- AC Series Related Party Transactions Simplified
- Autocount E-Invoice Webinar (held in English and Mandarin)
- Bosum CEO Class: Business Model Innovation
- Bosum CEO Class: Business Strategy
- Bosum CEO Class: Leadership for Mutual Success
- Bosum CEO Class: Operational Control
- Bosum CEO Class: Talent Strategy
- Bursa Malaysia Mandatory Accreditation Programme ("MAP")
- Chapter 10 Series: Computation of Percentage Ratios
- Excel for Data Analysis & Management Reporting
- Forklift Operators & Safety Training - Battery Operated
- Handling Challenges in Corporate Disclosures
- Handling Post-Listing Obligations
- In-house Training on E-invoice Strategy
- Roadmap for E-invoicing Implementation and Transformation Strategies
- *Seminar Pengurusan Pekerja Asing: Peranan & Tanggungjawab Majikan Serta Pemahaman Sistem Pengurusan di bawah Jabatan Imigresen Malaysia & Jabatan Tenaga Kerja*
- *Seminar Percukaian Kebangsaan 2024 Belanjawan 2025*

	FYE 2023	FYE 2024	FYE 2025
Number of training sessions held	6	11	19
Total training hours	105	313	845
- Executive	91	208	746
- Non-Executive	14	105	99

Occupational Safety and Health

The safety, health and well-being of employees, contractors and stakeholders are of utmost importance to Sorento Capital Group. Guided by the Group's Safety, Health & Environment ("SHE") Policy, we strive to ensure a safe and healthy workplace while carrying out our operations in an environmentally responsible manner.

Our approach to occupational safety and health ("OSH") is anchored on compliance with applicable laws and regulations, such as the Occupational Safety and Health Act 1994 ("OSHA 1994"), complemented by measures to prevent incidents, raise awareness and continuously improve safety performance. The Group's Safety and Health Committee plays a central role in this by:

- Monitoring the compliance and development of OSH rules and procedures;
- Reviewing the effectiveness of safety programmes;
- Investigating safety incidents, near-misses, and identifying risks; and
- Reviewing and updating the SHE Policy.

We also encourage open communication on safety matters, where employees are empowered to report hazards, near-misses, or incidents for prompt investigation and resolution. This approach helps us maintain a culture of accountability and shared responsibility.

A key component of our safety framework is the use of Hazard Identification, Risk Assessment and Risk Control ("HIRARC") to identify workplace hazards and manage risks. HIRARC is reviewed and updated to strengthen safety measures.

To manage and mitigate safety risks associated with inventory handling and delivery activities, we provide employees with appropriate personal protective equipment ("PPE") such as safety helmets, safety harnesses, weightlifting waist belts, and safety shoes. Regular inspections are also carried out on our forklifts, vans, and lorries to ensure equipment safety and roadworthiness.

In addition, we ensure compliance with statutory safety requirements through regular inspections. As part of this, our elevators and goods hoists were inspected by the Department of Occupational Safety and Health ("DOSH") and certified safe for use, in line with regulatory standards.

SUSTAINABILITY STATEMENT

During FYE 2025, safety training and briefings were conducted to build awareness on topics including forklift handling and awareness, first aid treatment, electrical hazards, road safety, and the risks of microsleep.

In the same year, we recorded 1 lost-time injury ("LTI"), involving a road incident while delivering goods to our outstation customer. We implemented several corrective measures to strengthen workplace safety and reduce likelihood of occurrence. These were, among others, posting safety signage, conducting pre-departure vehicle inspections, introducing speed limits for company lorries, and revising HIRARC risk assessments and control measures.



1
Lost-Time Injury
in FYE 2025



ZERO
Fatalities
in FYE 2025

	FYE 2023	FYE 2024	FYE 2025
Total safety-related programmes and training sessions	*	1	6
Total employees trained on health and safety standards	*	15	42
Number of LTI	*	0	1
- Employees	*	0	1
- Partners	*	0	0

	FYE 2023	FYE 2024	FYE 2025
Incident rate per 1,000,000 manhours worked ("LTIFR")	*	0	2.14
Total work-related fatalities	*	0	0
- Employees	*	0	0
- Partners	*	0	0

* Data was not tracked in respective year.

COMMUNITY ENGAGEMENT

At Sorento Capital Group, we believe our success should go hand in hand with contributing to the well-being of the wider community. Our corporate social responsibility ("CSR") initiatives are aimed to promote community welfare and social upliftment. Through these efforts, we endeavour to support local needs and uphold our role as a responsible corporate citizen.

CSR Activity	Description
Children's Welfare and Education	
BRDB Rotary Children's Residence	Monetary donation to fund charity dinner in support of underprivileged and at-risk children.
Healthcare and Medical Support	
National Cancer Society of Malaysia	Monetary donation to sponsor refurbishment activities of the organisation's centre in Penang.
Community Development & Sports	
Sekolah (Jenis) Kebangsaan Cina Yuk Choy, Perak	Monetary donation to construct a basketball court.
Jabatan Kerja Raya Perlis	Monetary donation for sports carnival Karnival Sukan JKR Se-Malaysia 2024.
IJM Rimbayu	Monetary donation for running event, IJM Rimbayu Run with Me 2025.
Charitable Foundations	
Eco World Foundation	Monetary donation for fundraising activities to aid underprivileged students.

In FYE 2025, we contributed a total of RM55,600 to the community where the target beneficiaries are external to the listed issuer.

	FYE 2023	FYE 2024	FYE 2025
Total amount invested in the community where the target beneficiaries are external to the listed issuer (RM)	6,800	59,100	55,600

Moving forward, we will continue to engage with the community by supporting impactful initiatives that promote inclusivity for a more equitable and caring society.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Sorento Capital Berhad ("Sorento Capital" or "the Company") is committed to ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group") as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and recommendations for best practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") and the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Corporate Governance Overview Statement ("Statement") is augmented with a Corporate Governance Report based on a prescribed format as enumerated in Rule 15.25(2) of the Listing Requirements of Bursa Securities so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the MCCG.

This Statement should also be read together with the Company's Corporate Governance Report for the financial year ended 30 June 2025 ("FYE 2025") which is available on the Company's website at www.sorentocapital.com, as well as via an announcement on the website of Bursa Securities at www.bursamalaysia.com.

This Statement gives the shareholders an overview of the corporate governance practices of the Company for the FYE 2025.

This Statement makes reference to the following three (3) key principles of the MCCG:-

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

The Board is responsible for the Group's overall performance and management of its business affairs, emphasising exemplary governance to ensure the Group's long-term success and deliver lasting value to stakeholders. This involves making strategic decisions, monitoring management, and maintaining an ethical framework that delivers sustainable value to all stakeholders, including shareholders, employees, customers, and the community. Through these efforts, the Board aims to foster a resilient and prosperous organisation.

In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board, as well as those which the Board may delegate to the Managing Director/Executive Director(s) and the Management. For the effective function of the Board, the Board has established the following Board Committees to assist in the execution of its responsibilities:-

- (a) Audit and Risk Management Committee ("ARMC");
- (b) Nomination Committee ("NC"); and
- (c) Remuneration Committee ("RC").

The Board Committees operate within their respective Terms of Reference ("TOR"). These Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective TOR and report to the Board on their proceedings and deliberation together with its recommendations to the Board for approval.

The Board Charter and TOR of the respective committees are available on the Company's website at www.sorentocapital.com.

The Board is led by the Independent Non-Executive Chairman, Haji Ahmad Zakie Bin Haji Ahmad Shariff, who is responsible for the orderly conduct and effectiveness of the Board, in addition to facilitating constructive deliberation of matters at hand, while the Managing Director leads the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions. This is to ensure that there is a balanced distribution of power and authority within the Company and to prevent any individual from having unilateral decision-making authority, thereby promoting accountability and effective governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is supported by two (2) Company Secretaries who are experienced and qualified to act as Companies Secretaries under Section 235(2) of the Companies Act 2016 and are registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. All Directors have access to the advice and services of the Company Secretaries.

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed. The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings and kept at the registered office of the Company. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

The Company has on 25 March 2024 formalised and adopted a Board Charter (which includes the Code of Ethics and Conduct), sets out the composition and balances, roles and responsibilities, operation and processes of the Board. Additionally, the Board Charter serves as a source of reference and primary induction literature, providing insights to new Board members. The Board Charter is published on the Company's website at www.sorentocapital.com.

The Board has also put in place the following policies, which will be reviewed from time to time to ensure that they remain relevant and appropriate:

- Whistleblowing Policy, which outlines communication and feedback channels to facilitate whistleblowing.
- Anti-Bribery and Corruption Policy, which adheres to the Listing Requirements of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC (Amendment) Act 2018, generally sets out the responsibilities of the Company and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key anti-bribery and anti-corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.
- Directors' Fit and Proper Policy serves as a guide to the NC and the Board in their review and assessment of potential candidates for appointment to the Company's Board, as well as retiring Directors seeking re-election at the AGM.
- The Directors' Fit and Proper Policy ensures that the NC and the Board adhere to rigorous standards in their evaluation of candidates, enabling them to select Directors who possess the necessary qualifications, experience, and integrity to serve effectively on the Board.
- Gender Diversity Policy, which provides a framework for the Company to improve its gender diversity at the Board and senior management level.

The Whistleblowing Policy, Anti-Bribery and Corruption Policy and Directors' Fit and Proper Policy are published on the Company's website at www.sorentocapital.com.

The Board emphasises the significance of sustainable business practices in creating long-term value, recognising that responsible business conduct is fundamental to achieving operational excellence.

Structural oversight of sustainability, including strategies, priorities, and targets, rests with the Board, while Management is entrusted with operational execution concerning Environmental, Social, and Governance ("ESG") factors as integral components of the Group's corporate strategy.

As stewards of the Company's shareholders, the Board prioritises upholding exemplary corporate governance practices, marked by a dedication to ethics, integrity, and corporate responsibility. Additionally, the Board ensures that both internal and external stakeholders are well-informed about the Company's sustainability strategies, priorities, targets, and overall performance, as detailed in the Sustainability Statement within this Annual Report.

In addition, the Board has integrated the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PART II - COMPOSITION OF THE BOARD

The Board currently comprises seven (7) members, and the composition of the current Board is set out in the table below:-

No.	Names	Designation
1.	Haji Ahmad Zakie Bin Haji Ahmad Shariff	Independent Non-Executive Chairman
2.	Loo Chai Lai	Managing Director
3.	Loo Jing Kai	Executive Director
4.	Lee Chee Keong	Executive Director
5.	Christine Toh Hung Mei	Independent Non-Executive Director
6.	Yeat Soo Ching	Independent Non-Executive Director
7.	Teh Lay Sim	Independent Non-Executive Director

This current Board composition complies with Rule 15.02 of the Listing Requirements of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors and that there is at least one (1) woman Director.

The Board composition is also in line with Practice 5.2 of the MCCG of having at least half of the Board comprising Independent Non-Executive Directors. This composition is able to provide independent and objective judgement as well as provide an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders, and ensure high standards of conduct and integrity are maintained.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business. The profiles of these Directors are provided in this Annual Report.

The Board acknowledges the recommendation by the MCCG that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. Furthermore, the Board recognises that as per the Listing Requirements of Bursa Securities, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company. During the FYE 2025, none of the Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.

Currently, the Board comprises three (3) female Directors on the Board, namely, Ms. Christine Toh Hung Mei, Ms. Yeat Soo Ching and Ms. Teh Lay Sim, who together make up 42.9% of the Board's composition. This commitment to gender diversity not only adheres to best practices but also enhances the Board's effectiveness by incorporating a wide range of perspectives and experiences in the decision-making process.

The NC holds the responsibility of identifying and recommending suitable candidates for Board membership as well as continuously evaluating the performance of Directors. However, the Board retains the ultimate responsibility and final decision on the appointment of the Directors. This process ensures that the composition of the Board aligns with the Company's long-term strategic objectives and requirements. Moreover, it involves establishing a skills matrix to support the Company's strategic direction and needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC of the Company comprises the following members:

Names	Designation
Teh Lay Sim, Chairperson	Independent Non-Executive Director
Christine Toh Hung Mei, Member	Independent Non-Executive Director
Yeat Soo Ching, Member	Independent Non-Executive Director

The Company was listed on the ACE Market of Bursa Securities on 28 October 2024 ("Listing") and hence, the activities undertaken by the NC during the FYE 2025 and up to the date of this Statement were as follows:-

- Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole with the objective of assessing its effectiveness.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC.
- Reviewed and recommended to the Board for consideration, the re-election of the Directors who were due to retire at the AGM.

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Directors, referring to the guides available and the good corporate governance compliance.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of the Managing Director and Executive Director(s), the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' wealth, succession planning and personal input to the role.

The Board meets at least once every quarter on a scheduled basis and additional meetings are to be convened as and when deemed necessary by the Board. All the Directors fulfilled the requirements of the Listing Requirements of Bursa Securities of having attended at least 50% of the Board meetings held by the Company for the FYE 2025.

The attendance records of each Board member at the Board and Board Committees meetings held during the FYE 2025 are as follows:-

Name of Directors	Board	ARMC	NC*	RC
No. of Meetings Attended				
Haji Ahmad Zakie Bin Haji Ahmad Shariff	4/4	-	-	-
Loo Chai Lai	4/4	-	-	-
Loo Jing Kai	4/4	-	-	-
Lee Chee Keong	4/4	-	-	-
Christine Toh Hung Mei	4/4	3/3	-	1/1
Yeat Soo Ching	4/4	3/3	-	1/1
Teh Lay Sim	4/4	3/3	-	1/1

* No NC meetings were held during the FYE 2025.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board acknowledges that continuous training is essential in keeping them abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively.

During the FYE 2025, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements of Bursa Securities:-

Name of Directors	Training/Seminar attended
Haji Ahmad Zakie Bin Haji Ahmad Shariff	- Key Amendments to the Listing Requirements of Bursa Securities - Exclusive Invitation to The Chairpersons' Circle
Loo Chai Lai	- Mandatory Accreditation Programme Part I in relation to the Directors' roles, duties and liabilities ("MAP Part I") - Key Amendments to the Listing Requirements of Bursa Securities
Loo Jing Kai	- MAP Part I - Key Amendments to the Listing Requirements of Bursa Securities - The Journey into the AI Age: Game Changer for your Digital Transformation Age
Lee Chee Keong	- MAP Part I - Key Amendments to the Listing Requirements of Bursa Securities
Christine Toh Hung Mei	- Key Amendments to the Listing Requirements of Bursa Securities - Mandatory Accreditation Programme Part II: Leading for Impact ("MAP Part II")
Yeat Soo Ching	- Key Amendments to the Listing Requirements of Bursa Securities - MAP Part II
Teh Lay Sim	- MAP Part I - Key Amendments to the Listing Requirements of Bursa Securities

The Board would continuously, evaluate and assess the training needs of each Director to keep them abreast with the state of the economy, technological advances, regulatory updates, management strategies and development in various aspects of the business environment to enhance the Board's skills and knowledge in discharging its responsibilities.

PART III - REMUNERATION

The Board had established a formal and transparent Remuneration Policy to attract and retain Directors and Key Senior Management of the Company and is available on the Company's website at www.sorentocapital.com.

The RC assists the Board in determining the remuneration of Executive Directors and Non-Executive Directors. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the AGM.

The RC of the Company comprises the following members:

Names	Designation
Yeat Soo Ching, Chairperson	Independent Non-Executive Director
Christine Toh Hung Mei, Member	Independent Non-Executive Director
Teh Lay Sim, Member	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration of the Directors of the Company and of the Group for the FYE 2025 are as follows:-

(A) The Company

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Haji Ahmad Zakie Bin Haji Ahmad Shariff	72	3	-	-	-	-	75
Loo Chai Lai	-	-	1,800	366.43	28	135.66	2,330.09
Loo Jing Kai	-	-	420	183.21	-	73.44	676.65
Lee Chee Keong	-	-	348	363.21	17.4	86.68	815.29
Christine Toh Hung Mei	36	3	-	-	-	-	39
Yeat Soo Ching	36	3	-	-	-	-	39
Teh Lay Sim	36	3	-	-	-	-	39
Total	180	12	2,568	912.85	45.4	295.78	4,014.03

(B) The Group

Name of Directors	Fees (RM'000)	Allowance (RM'000)	Salary (RM'000)	Bonus (RM'000)	Benefits- in Kind (RM'000)	Other emoluments* (RM'000)	Total (RM'000)
Haji Ahmad Zakie Bin Haji Ahmad Shariff	72	3	-	-	-	-	75
Loo Chai Lai	-	-	1,800	366.43	28	135.66	2,330.09
Loo Jing Kai	-	-	420	183.21	-	73.44	676.65
Lee Chee Keong	-	-	348	363.21	17.4	86.68	815.29
Christine Toh Hung Mei	36	3	-	-	-	-	39
Yeat Soo Ching	36	3	-	-	-	-	39
Teh Lay Sim	36	3	-	-	-	-	39
Total	180	12	2,568	912.85	45.4	295.78	4,014.03

* Other emoluments include the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS").

The remuneration of the Key Senior Management of the Group for the FYE 2025 is as follows:-

Range of Remuneration*	No. of Key Senior Management
RM200,001 to RM250,000	2
RM300,001 to RM350,000	1
RM450,001 to RM500,000	1

* Successive bands of RM250,001 to RM300,000, RM350,001 to RM400,000 and RM400,001 to RM450,000 are not shown entirely as they are not represented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Due to the confidentiality and sensitivity of the remuneration packages of Key Senior Management as well as security concerns, the Board opts not to disclose the Key Senior Management's remuneration components on a named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the remuneration of Key Senior Management on a named basis would not be in the best interest of the Company given the competitive human resources environment that may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Key Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - ARMC

The primary objective of the ARMC is to assist the Board in fulfilling its responsibilities related to financial accounting and reporting. It also advises the Board on matters such as financial reporting, external audits, internal controls, the internal audit process, related party transactions, and conflict of interest situations. In addition, the ARMC provides oversight of the Group's risk management framework.

The ARMC is chaired by Ms. Christine Toh Hung Mei, an Independent Non-Executive Director who is distinct from the Chairman of the Board. The majority of the members of the ARMC are financially literate, whilst the Chairperson of the ARMC is a member of the Malaysian Institute of Accountants.

The ARMC comprises three (3) members. The composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements of Bursa Securities and the recommendation of the MCCG whereby all three (3) AC members are Independent Non-Executive Directors.

None of the members of the ARMC was a former partner of the external audit firm of the Company and to uphold utmost independence, the Board has no intention to appoint any former partner of the external audit firm of the Company as a member of the ARMC.

The term of office and performance of the ARMC and its members are reviewed by the NC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

The ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the ARMC and they are able to understand matters under the purview of the ARMC including the financial reporting process.

The Group maintains a transparent and effective relationship with the External Auditors, granting them direct communication authority. This enables the External Auditors to bring to the attention of the ARMC any matters requiring the Board's attention regarding compliance with accounting standards and related regulatory requirements.

Prior to the Listing, the Board established an Assessment Policy for the External Auditors, along with annual performance evaluation forms. This policy outlines guidelines and procedures for the ARMC to review, assess, and monitor the performance, suitability, and independence of the External Auditors.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is entrusted with the overall responsibility of continually maintaining a sound system of risk management and internal controls, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard stakeholders' interest and the Group's assets. The internal control system is designed to assess current and emerging risks and respond appropriately to the risks encountered.

The Company also engages Internal Auditors to provide independent assessments of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors report directly to the ARMC and internal audit plans are tabled to the ARMC for review and approval by the Board to ensure adequate coverage.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

In preparation for the listing on the ACE Market of Bursa Securities, the Group engaged GovernanceAdvisory.com Sdn. Bhd. ("GA"), an independent professional consulting company, which is independent of the activities and operations of the Group as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

Following the Listing, the Group retained GA to provide ongoing internal audit services. GA directly reports to the ARMC on the sufficiency and efficacy of the Group's risk management and internal control systems. GA's representatives maintain objectivity and independence in their role as Internal Auditors, ensuring they are free from any relationships or conflicts of interest that could compromise their impartiality.

The Board had established the Internal Auditors Assessment Policy together with the annual performance evaluation form, to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.

The ARMC had obtained assurance from GA confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The internal audit functions and activities carried out during the FYE 2025 are as disclosed in the ARMC Report in this Annual Report.

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

PART I - COMMUNICATION WITH STAKEHOLDERS

The Board recognises the significance of promptly and equitably disseminating information regarding significant developments within the Group to shareholders, potential investors, and the public. Consequently, a Corporate Disclosure Policy was adopted on 9 September 2024.

To ensure timely and effective communication, information on the Group's performance and key developments is shared through the following channels:-

- (i) Annual Reports published on the Company's and Bursa Securities' websites;
- (ii) Annual General Meetings and/or Extraordinary General Meetings;
- (iii) Disclosures and announcements, including quarterly financial results; and
- (iv) Press releases (if any).

The Company's website at www.sorentocapital.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Company's Annual General Meeting ("AGM") remains a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PART II – CONDUCT OF GENERAL MEETING

In line with Practice 13.1 of MCCG, the notice convening the forthcoming 2nd AGM of the Company will be issued to shareholders at least twenty-eight (28) days before the date of the AGM, which gives shareholders sufficient time to prepare themselves to attend the forthcoming 2nd AGM or to appoint a proxy to attend and vote on their behalf.

The forthcoming 2nd AGM will be held physically and the venue of the meeting is easily accessible. The Board members, External Auditors, Company Secretaries, Sponsors, and relevant senior management personnel will be present at the forthcoming 2nd AGM to interact with shareholders and to address any queries raised.

All resolutions set out in the Notice of the forthcoming 2nd AGM will be put to vote by poll. The outcome of all resolutions proposed at the 2nd AGM will be announced to Bursa Securities at the end of the meeting day.

All Directors and Senior Management are required to be present at the forthcoming 2nd AGM, where they will be held accountable to shareholders for their oversight of the Company. The Chairman of the Board and its Board Committees members were available to respond to shareholders' queries concerning the Company and the Group in the forthcoming 2nd AGM.

From the Company's perspective, the AGM also provided an opportunity for the Directors to engage directly with shareholders, understand their concerns, and gather valuable feedback. The Board encouraged questions and input from shareholders during and at the end of the meeting and ensured that all queries were addressed clearly and systematically.

The Board is dedicated to ensuring that the necessary infrastructure and tools are in place to facilitate the smooth conduct of the forthcoming 2nd AGM and to promote meaningful engagement with shareholders. Furthermore, to enhance transparency and keep shareholders well-informed, a summary of key matters discussed at the forthcoming 2nd AGM will also be published on the Company's website at www.sorentocapital.com for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE STATEMENT

The Board has deliberated, reviewed and approved this statement. The Board considers and is satisfied that, to the best of its knowledge, the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2025.

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to promote trust and confidence among stakeholders.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The principal objective of the Audit and Risk Management Committee ("ARMC" or "the Committee") is to assist the Board of Directors ("the Board") in fulfilling its statutory obligations effectively. By conducting impartial and independent assessments, the Committee provides additional assurance to the Board concerning the effectiveness of financial, operational, and administrative controls and procedures, thereby enhancing governance and risk management practices within the Company and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group").

1. COMPOSITION OF ARMC

The ARMC comprises the following members, all of whom are Independent Non-Executive Directors of the Company: -

Names	Designation
Christine Toh Hung Mei, Chairperson	Independent Non-Executive Director
Yeat Soo Ching, Member	Independent Non-Executive Director
Teh Lay Sim, Member	Independent Non-Executive Director

The composition of the ARMC complies with Rule 15.09 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as Practices 9.1 and 9.4 of the Malaysian Code of Corporate Governance.

The Chairperson of ARMC, Ms. Christine Toh Hung Mei is a Fellow of the Chartered Institute of Arbitrators and a Chartered Accountant of the Malaysian Institute of Accountants. In this respect, the composition of the ARMC complies with Rule 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The authorities and duties of the ARMC are governed by the Terms of Reference of the ARMC. The Terms of Reference of the ARMC can be accessed from the Company's website at www.sorentocapital.com.

2. MEETINGS AND ATTENDANCES

During the financial year ended 30 June 2025 ("FYE 2025"), the ARMC held a total of three (3) meetings. The details of attendance of each member are as follows:

ARMC Members	Attendance
Christine Toh Hung Mei, Chairperson	3/3
Yeat Soo Ching, Member	3/3
Teh Lay Sim, Member	3/3

The presence of the External Auditors and/or the Internal Auditors at the ARMC meetings, if required, can be requested by the ARMC. Other members of the Board and the Management of the Group may attend the meeting (specific to the relevant meeting and to the matters being discussed) upon invitation of the ARMC.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

3. SUMMARY OF WORKS OF THE ARMC FOR THE FYE 2025

The summary of the activities undertaken by the ARMC during FYE 2025, amongst others, included the following: -

- (i) Reviewed the unaudited condensed quarterly financial results of the Group including the announcements pertaining thereto. The discussion focused particularly on any changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending to the Board for approval and making the announcement to Bursa Securities;
- (ii) Reviewed with the Internal Auditors, the internal audit plan, the reports for the internal audit function and considered the findings of internal audit reviews and Management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- (iii) Reviewed the related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- (iv) Reviewed and received the Audit Planning Memorandum from External Auditors in respect of the financial statement of the Group for the FYE 2025;
- (v) Reviewed and recommended the appointment of outsourced Internal Auditors of the Group, Governance Advisory. com Sdn. Bhd. ("GA") to the Board for consideration based on their profile, adequacy of resources and experience of the audit engagement team;
- (vi) Reviewed the conflict of interest ("COI") questionnaires submitted by the Directors and Key Senior Management of the Group. Based on this review, no significant COI were identified that would necessitate further examination and implementation of specific mitigation measures.
- (vii) Reviewed and recommended to the Board for approval on the adoption of Internal Auditors' Assessment Policy and Internal Auditors' Annual Evaluation Form.

4. INTERNAL AUDIT FUNCTION

In preparation for the listing of the Company on the ACE Market of Bursa Securities on 28 October 2024 ("Listing"), the Company had engaged GA, an independent internal audit consulting firm, as its Internal Control Consultant to review the adequacy and sufficiency of systems, procedures and controls of the Group.

Post-Listing, the Group continued to entrust GA with the internal audit function. GA reports directly to the ARMC on the adequacy and effectiveness of the risk management and internal control systems of the Group. The representatives of GA are free from any relationship or conflict of interest that could impair their objectivity and independence as internal auditors.

During the FYE 2025, the ARMC reviewed the following internal audit reports:-

Audit period	Reporting month	Name of entity audited	Audited areas
January - March 2025	May 2025	Sorento Group	Procurement Management
April - June 2025	August 2025	Sorento Group	Warehouse Review

The final audit reports, including findings, recommendations, and Management's responses, were tabled to the ARMC members. Areas requiring improvement were highlighted to Management for follow-up. The ARMC reviewed and discussed all internal audit reports and ensure that appropriate actions were taken.

The cost incurred on the outsourced internal audit functions for FYE 2025 by the Group amounted to RM30,000.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

5. RELATIONSHIP WITH AUDITORS

The Group has established a transparent and appropriate relationship with both the External and Internal Auditors. Such a relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to a third party, providing direct and regular reports to the ARMC. Both the External and Internal Auditors have direct reporting and access to the ARMC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Board, through the ARMC, shall maintain appropriate, formal and transparent relationships with the External and Internal Auditors. The ARMC will meet the External and Internal Auditors without the presence of Management, whenever necessary, which demonstrates their independence, objectivity and professionalism.

6. EVALUATION OF THE PERFORMANCE OF THE AUDITORS

The ARMC and the Board had, prior to the Listing, established the Assessment Policy for both the External and Internal Auditors together with their annual performance evaluation forms respectively. The policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External and Internal Auditors.

The External and Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role.

The ARMC shall obtain assurance from the External and Internal Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC shall carry out an annual performance assessment of the External and Internal Auditors and may request the Executive Directors and Chief Financial Officer to join the assessment.

The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the External and Internal Auditors of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2021 requires the Board of Directors ("the Board") to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the assets of Sorento Capital Berhad ("Sorento Capital" or "the Company").

Accordingly, the Board is pleased to present its Statement on Risk Management and Internal Control ("Statement") of the Company and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group") for the financial year ended 30 June 2025 ("FYE 2025"), which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Berhad ("the Guidelines").

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility in maintaining a sound framework of risk management and internal control system which is fundamental for good corporate governance. The Board is committed to ensuring the risk management and internal control framework is embedded into the culture, processes and structures of the Company.

The system of risk management and internal control covers not only financial controls but operational, risk management and compliance with all relevant regulations. In view of the limitations inherent in any system of risk management and internal control, the systems are designed to manage and control, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss or the occurrence of unforeseeable circumstances.

The Audit and Risk Management Committee ("ARMC") assists the Board to review the adequacy and effectiveness of the risk management and internal control systems. The process is reviewed by the Board and the ARMC periodically or as and when required.

MANAGEMENT'S RESPONSIBILITIES

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, evaluating, monitoring, reporting and taking appropriate and timely corrective actions to mitigate the risks faced by the Group. Management is also provide assurance to the Board that the risk management and internal control systems are operating adequately and effectively based on the risk management and internal control framework adopted by the Company.

RISK MANAGEMENT FRAMEWORK

The Board recognises that effective risk management is critical for the Group's sustainability and the enhancement of shareholders' value. Thus, it should be extensively applied in all decision-making and strategic planning.

The risk management process adopted by the Group are as follows:

- Risk Identification: Identify key risks and establish risk profiles.
- Risk Assessment: Assess the likelihood of occurrence of these risks and their impact.
- Control & Mitigation: Implement action plans to mitigate/ resolve these risks.
- Monitor & Reporting: Review the effectiveness of these risk controls and reporting it to the Board.

The management team is responsible for managing risks related to their functions or departments. The ARMC relies on the management team to support in terms of:

- Managing inherent risk of business processes under the risk owner's control;
- Identifying and evaluating risks which takes into consideration the likelihood of these risks occurring and the financial impact on the Group if such risks occur; and
- Executing risk control measures.

This risk management process has been in place for the financial year under review and up to the date of approval of this Statement by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The Group has incorporated various key elements into its system of internal control, among which include:

Limits of Authority

A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board's approval.

Policies and Procedures

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. These are reviewed regularly to ensure that any gap identified is addressed and where required, revised to meet the business condition.

Whistleblowing

A Whistleblowing Policy is established to provide an avenue for employees to report any breach or suspected breach of any law or regulation in a safe and confidential manner.

Anti-Bribery and Corruption Policy

The policy calls for commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in our business activities and operations.

Internal Audit Function

The Internal Audit function reports directly to the ARMC. Findings are communicated to the management and the ARMC with recommendations for improvements and follow-up to ensure all agreed recommendations are implemented. The Internal Audit plan is reviewed and approved by the ARMC.

The Board appointed an external independent professional consulting firm as internal auditors and risk management consultants of the Company, which reports directly to the ARMC on a regular basis. Their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of risk management, control and governance.

The outsourced internal audit function is free from any relationship or conflict of interest which could impair their objectivity and independence. The outsourced internal audit function possesses the relevant experience, knowledge, competency and authority to discharge its functions effectively, obtained sufficient resources and has unrestricted access to employees and information for the internal audit activity.

The risk-based internal audit plan in respect of FYE 2025 was reviewed and approved by the ARMC prior to execution. Each internal audit cycle is specific with regard to audit scopes and objectives to be assessed.

Any high-impact audit findings with regard to risk, control and governance coupled with recommendations for further improvement will be escalated to the attention and scrutiny of the management team and subsequently tabled to the ARMC. Follow-up reviews are conducted to ensure proper and effective remedial actions are taken to address the control gaps highlighted.

The professional fee incurred by the Group for internal audit review during FYE 2025 amounted to RM30,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD ASSURANCE AND LIMITATION

The Board has received assurances from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during FYE 2025. There are no significant areas of concern that may affect the financial, operational and compliance controls.

The Board acknowledges that the risk management and internal control systems should be continuously improved. However, stakeholders should note that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Rule 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement. The review of the Statement by the external auditors is guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is of the view that the Group's risk management and internal control system for FYE 2025 and up to the date of approval of this Statement, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board of Directors dated 16 October 2025.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

In conjunction with and as an integral part of the listing of Sorento Capital Berhad ("Sorento Capital" or "the Company") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 28 October 2025 ("Listing"), the Company undertook a public issue of 155,000,000 new ordinary shares at an issue price of RM0.37 per ordinary share, raising a total gross proceed of approximately RM57.35 million ("IPO Proceeds").

The status of the utilisation of the IPO Proceeds as at 30 June 2025 was as follows: -

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe for Utilisation (from the Listing)
Branding and promotional marketing	6,000	1,086	4,914	Within 36 months
Expansion of dealer network and enhancement of distribution reach	6,000	1,425	4,575	Within 36 months
Repayment of bank borrowings	9,000	9,000	-	Within 12 months
Working capital for purchase of inventories	31,350	31,350	-	Within 24 months
Listing expenses	5,000	5,000	-	Within 1 month
Total	57,350	47,861	9,489	

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the External Auditors, TGS TW PLT for services rendered by them to the Company and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group") for the financial year ended 30 June 2025 are as follows:

Details of fees	Company RM'000	Group RM'000
Audit Fee	30	165
Non-Audit Fee	5	5

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered involving the interests of the Directors, chief executive and major shareholders during the financial year under review.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The Group did not seek any mandate on RRPT from its shareholders. The RRPT of revenue and trading in nature incurred by the Group for the financial year under review did not exceed the threshold prescribed under Rule 10.09(1) of the Listing Requirements of Bursa Securities.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors ("the Board") is responsible for the preparation of the financial statements which have been made out in accordance with applicable laws and regulations and approved accounting standards to give a true and fair view of the financial position together with the financial performance and cash flows of the Company and its subsidiaries (collectively known as "Sorento Capital Group" or "the Group") for each financial year.

In preparing the financial statements of the Company and the Group for the financial year ended 30 June 2025 as set out in this Annual Report, the Board considers that the Company and the Group have:

- Adopted appropriate accounting policies in accordance with the applicable approved accounting standards.
- Consistently applied and supported by reasonable and prudent judgements and estimates.
- Prepared the financial statements on a going concern basis.

The Board has the responsibility for ensuring that the Company and the Group maintain accounting records that disclose the financial position of the Company and the Group with reasonable accuracy, which enables them to ensure that the financial statements are prepared in compliance with the Companies Act 2016.

The Board is also responsible for taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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DIRECTORS' REPORT

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 30 June 2025.

Principal activities

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

Change of status

The Company was incorporated on 17 May 2023 as a private limited liability company under the name of Sorento Capital Sdn. Bhd.. On 19 March 2024, the Company was converted to a public limited liability company and assumes its present name of Sorento Capital Berhad.

On 28 October 2024, the Company successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

Financial results

	Group RM	Company RM
Profit for the financial year	26,237,166	4,437,477
Attributable to:		
Owners of the Company	26,237,166	4,437,477

Reserves and provisions

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

Dividends

Since the end of the last financial period, the Company paid:

	RM
An interim single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 30 June 2025 declared on 27 February 2025 and paid on 21 March 2025	4,300,000

The Company had on 25 August 2025 declared an interim single-tier dividend of RM0.005 per ordinary share amounting to RM4,300,000 and paid on 19 September 2025. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2026.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid-up share capital from 1,000 units to 860,000,000 units by way of:

- (a) On 18 March 2024, the Company entered into conditional share sale agreements for the acquisition of subsidiaries by way of the issuance of 704,999,000 new ordinary shares at an issue price of RM0.06 per ordinary share for total consideration of RM42,299,940. The acquisition process was completed on 19 August 2024; and

DIRECTORS' REPORT

Issue of shares and debentures (Cont'd)

During the financial year, the Company increased its issued and paid-up share capital from 1,000 units to 860,000,000 units by way of: (Cont'd)

- (b) In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 28 October 2024, the Company issued 155,000,000 new ordinary shares at an issue price of RM0.37 per ordinary share for a total consideration of RM57,350,000 via Initial Public Offering ("IPO").

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of 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

The Directors in office during the financial year until the date of this report are:

Loo Chai Lai*
Loo Jing Kai#
Lee Chee Keong^
Haji Ahmad Zakie Bin Haji Ahmad Shariff
Christine Toh Hung Mei
Teh Lay Sim
Yeap Soo Ching

* Director of the Company and of its subsidiaries

Director of the Company and of its subsidiaries except for Ideal Bath Sdn. Bhd.

^ Director of the Company and of its subsidiaries except for Sorento Sdn. Bhd., Mocha Sdn. Bhd. and Nautical Sanitaryware Sdn. Bhd.

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporation of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 30.6.2025
	At 1.7.2024	Bought	Sold	
Interests in the Company				
Direct interests				
Loo Chai Lai	800	86,883,387	-	86,884,187
Loo Jing Kai	200	19,216,170	-	19,216,370
Lee Chee Keong	-	8,899,443	-	8,899,443
Haji Ahmad Zakie Bin Haji Ahmad Shariff	-	250,000	(100,000)	150,000
Christine Toh Hung Mei	-	250,000	-	250,000
Teh Lay Sim	-	250,000	-	250,000
Yeat Soo Ching	-	250,000	-	250,000
Indirect interests				
Loo Chai Lai #	200	536,016,170	-	536,016,370

Deemed interested by virtue of his direct shareholdings in LCL Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest of his children, Loo Jing Kai and Loo Jing Shun in the Company.

DIRECTORS' REPORT

Directors' interests in shares (Cont'd)

By virtue of his interests in the shares of the Company, Loo Chai Lai is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than any deemed benefit which may arise from transactions as disclosed in Note 33 to the financial statements.

The Directors' remuneration for the Group and the Company as set out in Note 30 to the financial statements are RM3,968,629.

Neither during nor at the end of the financial year, was the 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

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Group and of the Company in accordance with Section 289 of the Companies Act 2016.

Other statutory information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any 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
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

Other statutory information (Cont'd)

(c) At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability 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 as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Holding company

The Directors regard LCL Success Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the holding company.

Subsidiaries

The details of the subsidiaries are disclosed in Note 7 to the financial statements.

Significant events during the reporting period

The significant events during the reporting period are disclosed in Note 37 to the financial statements.

Auditors

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 26 to the financial statements are RM165,000 and RM30,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 October 2025.

LOO CHAI LAI

LOO JING KAI

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 84 to 135 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 30 June 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 October 2025.

LOO CHAI LAI

LOO JING KAI

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Tan Gine Ngee (MIA membership number: 26418), being the Officer primarily responsible for the financial management of Sorento Capital Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 84 to 135 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on)
16 October 2025)

TAN GINE NGEE

Before me,

Commissioner for Oaths
SHI'ARATUL AKMAR BINTI SAHARI
(W788)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SORENTO CAPITAL BERHAD

[Registration No.: 202301018305 (1512227-W)]

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sorento Capital Berhad, which comprise the statements of financial position as at 30 June 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and of their cash flows for the financial 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"), 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 financial 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.

Key audit matters	How we addressed the key audit matters
<i>Inventories valuation</i> Referring to Note 10 to the financial statements, the Group's inventories as at 30 June 2025 amounted to RM32,063,416. Inventories valuation is a significant audit risks as inventories may be sold below cost. This could result in an overstatement of the carrying value of the inventories if the cost is higher than the net realisable value.	Attended inventory counts to observe and test check counts of certain items performed by the management. Tested samples of inventory items to ensure they were stated at the lower of cost and net realisable value. Discussed with management and obtained an understanding of the processes implemented by the management over the determination of the lower of cost and net realisable value of inventories. Evaluated management's judgement with regard to the application of inventories written down. Assessed the completeness and accuracy of the disclosures as required by MFRS 102 <i>Inventories</i>.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SORENTO CAPITAL BERHAD

[Registration No.: 202301018305 (1512227-W)]

(Incorporated in Malaysia)

Report on the audit of the financial statements (Cont'd)

Key audit matters (Cont'd)

Key audit matters (Cont'd)	How we addressed the key audit matters (Cont'd)
<i>Recoverability of trade receivables</i> Referring to Note 11 to the financial statements, the Group's trade receivables as at 30 June 2025 amounted to RM43,306,872. The details of trade receivables and their credit risk have been disclosed in Notes 11 and 35(b)(i) to the financial statements. We focused on this area as the determination of expected credit losses ("ECLs") and the recoverability of trade receivables involve significant management judgement and inherent subjectively, given uncertainty regarding the ability of customers to settle their debts.	Assessed the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and the estimate of the credit loss allowance. Assessed whether items were correctly categorised in the trade receivables aging report by comparing individual items therein with sales invoices and other relevant underlying documentation, on a sample basis. Checked the key parameters and assumptions of the ECLs model adopted by the management, including the basis of segmentation of trade receivables by customers' credit risk characteristics and the historical default data used in management's estimated loss allowance. Held discussions with management to evaluate their justification on the appropriateness of ECLs assessment. Assessed the adequacy of the disclosures in respect of credit risk.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information other than the financial statements and auditors' report thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the 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 or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SORENTO CAPITAL BERHAD

[Registration No.: 202301018305 (1512227-W)]

(Incorporated in Malaysia)

Report on the audit of the financial statements (Cont'd)

Auditors' responsibilities for the audit of the financial statements

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

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

- 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.
- 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 activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purpose 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 financial 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SORENTO CAPITAL BERHAD

[Registration No.: 202301018305 (1512227-W)]

(Incorporated in Malaysia)

Other matter

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.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

KUAN JUN XIAN
03758/06/2027 J
Chartered Accountant

KUALA LUMPUR
16 October 2025

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2025

	Note	Group		Company	
		30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	43,822,268	48,753,686	3,606	565
Investment properties	5	873,053	724,084	-	-
Intangible asset	6	1,476,191	1,761,905	-	-
Investment in subsidiaries	7	-	-	41,216,360	-
Investment in an associate	8	-	-	-	-
Deferred tax assets	9	167,369	47,183	-	-
		46,338,881	51,286,858	41,219,966	565
Current assets					
Inventories	10	32,063,416	29,276,498	-	-
Trade receivables	11	43,306,872	38,153,285	-	-
Other receivables	12	13,747,106	8,626,463	48,549	267,496
Amount due from subsidiaries	13	-	-	15,043,755	-
Tax recoverable		1,996,554	2,597,400	-	-
Other investment	14	15,140,642	-	15,140,642	-
Fixed deposits with licensed banks	15	26,251,231	3,623,903	24,694,995	-
Cash and bank balances	16	17,006,414	8,560,357	2,002,701	267,707
		149,512,235	90,837,906	56,930,642	535,203
Total assets		195,851,116	142,124,764	98,150,608	535,768
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17(a)	97,767,205	1,000	97,767,205	1,000
Invested equity	17(b)	-	381,000	-	-
Merger deficit	18	(41,918,940)	-	-	-
Retained earnings		87,286,675	65,349,509	141,611	4,134
Total equity		143,134,940	65,731,509	97,908,816	5,134
LIABILITIES					
Non-current liabilities					
Loans and borrowings	19	261,714	2,544,034	-	-
Lease liabilities	20	38,010,260	39,201,485	-	-
Deferred tax liabilities	9	185,760	199,874	549	-
		38,457,734	41,945,393	549	-
Current liabilities					
Loans and borrowings	19	2,450,911	14,768,809	-	-
Lease liabilities	20	2,972,406	2,515,665	-	-
Trade payables	21	273,709	3,006,690	-	-
Other payables	22	7,005,194	12,803,516	239,805	338,787
Amount due to related parties	23	-	-	-	189,843
Tax payable		1,556,222	1,353,182	1,438	2,004
		14,258,442	34,447,862	241,243	530,634
Total liabilities		52,716,176	76,393,255	241,792	530,634
Total equity and liabilities		195,851,116	142,124,764	98,150,608	535,768

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2025

	Note	Group		Company	
		1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Revenue	24	179,167,202	151,545,024	13,900,000	2,250,000
Cost of sales		(101,998,096)	(87,068,752)	-	-
Gross profit		77,169,106	64,476,272	13,900,000	2,250,000
Other income		2,385,532	333,762	767,999	-
Selling and distribution expenses		(11,994,049)	(8,448,831)	-	-
Administrative expenses		(29,341,389)	(22,379,359)	(9,090,749)	(2,243,029)
Other expenses		(131,104)	(150,500)	(1,083,580)	-
Net (loss)/gain on impairment of financial assets		(140,378)	2,633	-	-
Profit from operation		37,947,718	33,833,977	4,493,670	6,971
Finance costs	25	(1,980,452)	(1,268,999)	-	-
Profit before tax	26	35,967,266	32,564,978	4,493,670	6,971
Taxation	27	(9,730,100)	(8,136,454)	(56,193)	(2,837)
Profit for the financial year/period		26,237,166	24,428,524	4,437,477	4,134
Total comprehensive income for the financial year/period attributable to:					
Owners of the Company		26,237,166	24,428,524	4,437,477	4,134
Earnings per share:					
Basic (sen)	28	3.67	3.47		
Diluted (sen)	28	*	*		

* There are no dilutive earnings per share as the Group does not have any dilutive instruments for the financial years.

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2025

		← Attributable to owners of the Company →				
		← Non-distributable →		Distributable		
	Note	Share capital RM	Invested equity RM	Merger deficit RM	Retained earnings RM	Total equity RM
Group						
At 1 July 2023		1,000	381,000	-	49,918,985	50,300,985
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	24,428,524	24,428,524
Transaction with owners:						
Dividends to owners of the Company	29	-	-	-	(8,998,000)	(8,998,000)
At 30 June 2024		1,000	381,000	-	65,349,509	65,731,509
At 1 July 2024		1,000	381,000	-	65,349,509	65,731,509
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	26,237,166	26,237,166
Transactions with owners:						
Effect of restructuring exercise	17(a)	42,299,940	(381,000)	(41,918,940)	-	-
Issuance of share capital	17(a)	57,350,000	-	-	-	57,350,000
Share issuance expenses	17(a)	(1,883,735)	-	-	-	(1,883,735)
Dividends to owners of the Company	29	-	-	-	(4,300,000)	(4,300,000)
At 30 June 2025		97,767,205	-	(41,918,940)	87,286,675	143,134,940

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2025

	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 17 May 2023, date of incorporation		1,000	-	1,000
Profit for the financial period, representing total comprehensive income for the financial period		-	4,134	4,134
At 30 June 2024		1,000	4,134	5,134
At 1 July 2024		1,000	4,134	5,134
Profit for the financial year, representing total comprehensive income for the financial year		-	4,437,477	4,437,477
Transactions with owners:				
Effect of restructuring exercise	17(a)	42,299,940	-	42,299,940
Issuance of share capital	17(a)	57,350,000	-	57,350,000
Share issuance expenses	17(a)	(1,883,735)	-	(1,883,735)
Dividends to owners of the Company	29	-	(4,300,000)	(4,300,000)
At 30 June 2025		97,767,205	141,611	97,908,816

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

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2025

	Note	Group		Company	
		1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Cash flows from operating activities					
Profit before tax		35,967,266	32,564,978	4,493,670	6,971
Adjustments for:					
Depreciation of property, plant and equipment		4,520,510	1,659,080	252	35
Gain on disposal of property, plant and equipment		(827,365)	(9,034)	-	-
Property, plant and equipment written off		121,183	1,319	-	-
Depreciation of investment properties		9,975	15,085	-	-
Gain on disposal of investment properties		(29,609)	-	-	-
Amortisation of intangible asset		285,714	238,095	-	-
Impairment loss on investment in subsidiaries		-	-	1,083,580	-
Reversal of slow moving inventories		(7,987)	(6,899)	-	-
Net allowance for/(Reversal of) ECLs on trade receivables		140,378	(2,633)	-	-
Interest expenses		1,980,452	1,268,999	-	-
Interest income		(742,649)	(201,121)	(628,754)	-
Dividend income		(139,245)	-	(8,639,245)	-
Unrealised loss/(gain) on foreign exchange		9,921	(122,368)	-	-
Bad debts written off		-	50,000	-	-
Loss on disposal of an associate		-	349	-	-
Operating profit/(loss) before working capital changes		41,288,544	35,455,850	(3,690,497)	7,006
Changes in working capital:					
Inventories		(2,778,931)	(3,136,777)	-	-
Receivables		(6,535,323)	(16,645,654)	218,947	(267,496)
Payables		(5,516,209)	(759,993)	(98,982)	338,787
Subsidiaries		-	-	(274,984)	-
		(14,830,463)	(20,542,424)	(155,019)	71,291
Cash generated from/(used in) operations		26,458,081	14,913,426	(3,845,516)	78,297
Interest received		292,603	19,876	232,362	-
Tax paid		(9,060,514)	(8,460,465)	(56,210)	(833)
Tax refund		-	14,472	-	-
Net cash from/(used in) operating activities		17,690,170	6,487,309	(3,669,364)	77,464

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2025

		Group		Company	
		1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
	Note				
Cash flows from investing activities					
Acquisition of property, plant and equipment	A	(1,087,549)	(1,924,751)	(3,293)	(600)
Proceeds from disposal of property, plant and equipment	B	332,000	135,000	-	-
Acquisition of investment properties		(524,335)	-	-	-
Proceed from disposal of investment properties		395,000	-	-	-
Acquisition of intangible asset		-	(2,000,000)	-	-
Placement of other investment		(15,140,642)	-	(15,140,642)	-
Placement of fixed deposits with maturity more than 3 months		(10,198,257)	-	(10,198,257)	-
Proceed from disposal of an associate		-	1	-	-
Interest received		450,046	181,245	396,392	-
Dividend received		139,245	-	4,639,245	-
Net cash used in investing activities		(25,634,492)	(3,608,505)	(20,306,555)	(600)
Cash flows from financing activities					
Dividends paid		(7,299,000)	(5,999,000)	(4,300,000)	-
Interest paid		(1,984,577)	(1,264,874)	-	-
Repayments of term loans		(2,369,202)	(81,032)	-	-
Drawdowns of bankers' acceptance		9,209,000	36,393,000	-	-
Repayments of bankers' acceptance		(21,201,000)	(31,402,000)	-	-
Drawdowns of invoice financing		7,068,330	239,016	-	-
Repayment of invoice financing		(7,307,346)	-	-	-
Repayment to Directors		-	(866,548)	-	-
Repayments of lease liabilities	C	(2,767,845)	(733,371)	-	-
Proceed from issuance of share capital, net of share issuance expenses		55,466,265	-	55,466,265	-
Advance from related parties		-	-	-	189,843
Advance to subsidiaries	D	-	-	(10,958,614)	-
Net cash from/(used in) financing activities		28,814,625	(3,714,809)	40,207,651	189,843

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2025

	Note	Group		Company	
		1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Net increase/(decrease) in cash and cash equivalents		20,870,303	(836,005)	16,231,732	266,707
Cash and cash equivalents at beginning of the financial year/date of incorporation		12,184,260	13,025,979	267,707	1,000
Effect of exchange translation differences on cash and cash equivalents		4,825	(5,714)	-	-
Cash and cash equivalents at end of the financial year/period		33,059,388	12,184,260	16,499,439	267,707
Cash and cash equivalents at end of the financial year/period comprises:					
Cash and bank balances		17,006,414	8,560,357	2,002,701	267,707
Fixed deposits with licensed banks		26,251,231	3,623,903	24,694,995	-
		43,257,645	12,184,260	26,697,696	267,707
Less: Fixed deposits with maturity more than 3 months	15	(10,198,257)	-	(10,198,257)	-
		33,059,388	12,184,260	16,499,439	267,707

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 30 June 2025

NOTES TO THE STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
A. Acquisition of property, plant and equipment					
Total acquisitions		3,120,910	43,833,139	3,293	600
Less: Acquired through lease arrangements		(2,033,361)	(41,908,388)	-	-
Total cash payment		1,087,549	1,924,751	3,293	600
B. Proceeds from disposal of property, plant and equipment					
Total proceeds		4,238,000	135,000	-	-
Less: Other receivables		(3,906,000)	-	-	-
Total cash received		332,000	135,000	-	-
C. Cash outflows for leases as a lessee					
<u>Included in net cash from/(used in) operating activities:</u>					
Payment relating to short-term leases	26	1,123,000	2,446,957	-	-
<u>Included in net cash from/(used in) financing activities:</u>					
Payment of lease liabilities		2,767,845	733,371	-	-
Payment on interest of lease liabilities		1,637,484	515,339	-	-
		4,405,329	1,248,710	-	-
		5,528,329	3,695,667	-	-
D. Advance to subsidiaries					
Non-trade movement of subsidiaries		-	-	(10,768,771)	-
Less: Reclassification of related parties		-	-	(189,843)	-
Net cash movement		-	-	(10,958,614)	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

1. Corporate information

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

The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 5, Jalan Astana 2/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan.

The principal activity of the Company is engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

The Directors regard LCL Success Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the holding company.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 financial statements.

Adoption of amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

2. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	Annual Improvements - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Company recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Company assesses each contract with customers to determine when the performance obligation of the Company under the contract is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines 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.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affect its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of premises with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and investment properties

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties.

Amortisation of intangible asset

Intangible asset with finite useful life is amortised by allocating its depreciation amount on a systematic basis over its contractual period. Contractual period is the period over which the intangible assets are expected to generate economic benefits. Amortised amount is the carrying amount of the intangible assets less its residual value.

Impairment of investment in subsidiaries

The Company reviews its investment in subsidiaries when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

2. Basis of preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the other deductible temporary differences 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.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of their contracts with customers. In making such judgement, the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use ("ROU") assets in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Provision for ECLs of financial assets at amortised costs

The Group reviews the recoverability of their receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of each reporting period.

The Group uses a simplified approach to measure ECLs for trade receivables and other receivables.

Income taxes

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.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

3. Material accounting policies

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company 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. Potential voting rights are considered when assessing whether the Company has power over another entity. Subsidiaries are fully consolidated from the date that control commences until the date control ceases.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment.

(ii) Common control business combination outside the scope of MFRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the Group in the financial statements.

In applying merger accounting, financial statements items of the Group for the reporting years in which the common control combination occurs, and for any comparative years disclosed, are included in the financial statements of the entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

The assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger reserve.

(b) Investment in associates

An associate is an entity over which the Group has significant influence, including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at their fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Group's separate financial statements, investment in an associate is either stated at cost less accumulated impairment losses or equity method. On disposal of such investment, the difference between net disposal proceed and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

3. Material accounting policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for freehold land and capital work-in-progress is stated at cost less impairment losses and not depreciated.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use.

Capital work-in-progress consists of computers and software. The amount is stated at cost until the property, plant and equipment are ready for their intended use.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

The estimated useful lives for the current and comparative periods are as follows:

Freehold building	2%
Computer and software	10% - 20%
Office equipment	10%
Furniture and fittings	10% - 20%
Renovation	10% - 20%
Motor vehicles	10% - 20%
Signboard	10%
Showroom display	10%
Premises	Over the lease term

The residual values, useful lives and depreciation method are reviewed at each reporting period end 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 property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

3. Material accounting policies (Cont'd)

(d) Leases

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Depreciation

The ROU assets under cost model are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the ROU assets or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	10% - 20%
Premises	Over the lease term

(e) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses. Buildings under construction are not depreciated until the assets are ready for intended use.

Investment properties are depreciated on straight line method to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Freehold buildings	2%
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The residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date.

Fair value of the investment properties under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable, or construction is complete, which is earlier.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

3. Material accounting policies (Cont'd)

(f) Intangible asset

(i) Intangible asset acquired separately

Intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. Capitalised costs are amortised on a straight-line basis over its estimated useful life. Amortisation expenses are recognised in profit or loss and included within the administrative expenses.

(ii) Subsequent measurement

Amortisation of the intangible asset begins when it is complete and the asset is available for use.

Intangible asset is amortised based on the estimated useful life as follows:

Trademark	7 years
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The estimated useful life and amortisation method are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(g) Inventories

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

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on weighted average basis.

(h) Financial instruments

At the reporting date, the Group and the Company carry both financial assets at fair value through profit or loss ("FVTPL") and at amortised costs on their statements of financial position. The Group's financial asset at FVTPL includes other investment and financial assets at amortised costs include trade receivables, other receivables, fixed deposits with licensed banks, and cash and bank balances. The Company's financial asset at FVTPL includes other investment and financial assets at amortised costs include other receivables, amount due from subsidiaries, fixed deposits with licensed banks, and cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised costs on their statements of financial position. The Group's financial liabilities at amortised costs include loans and borrowings, trade payables and other payables. The Company's financial liabilities at amortised costs include other payables and amount due to related parties.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

3. Material accounting policies (Cont'd)

(i) Revenue recognition

(i) Revenue from contracts with customers

The Group and the Company recognise revenue from the following major sources:

Sales of goods

The Group sells sanitary, kitchen and bathroom wares, bathroom utensils, equipment, accessories, tiling and building materials to local customers. Revenue from sales of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of goods.

Revenue is recognised based on the price specified in the contract, net of any discounts.

Sales are made with a credit term of cash on delivery to 120 days, which is consistent with market practice, therefore no element of financing is deemed present. A receivable is recognised when the customer accepts delivery of the goods.

Rendering of services

Revenue from management fees is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Company, and the Company has a present right to payment for the services.

(ii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment are established.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

4. Property, plant and equipment

Group	Freehold land RM	Freehold building RM	Computer and software RM	Office equipment RM	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Signboard RM	Showroom display RM	Premises RM	Capital work-in-progress RM	Total RM
Cost												
At 1 July 2023	1,171,508	2,400,000	590,756	1,133,237	826,221	707,782	1,847,953	28,387	-	-	412,128	9,117,972
Additions	-	-	98,257	161,383	389,805	257,607	2,520,167	3,950	54,263	40,283,507	64,200	43,833,139
Disposal	-	-	-	-	-	-	(128,000)	-	-	-	-	(128,000)
Written off	-	-	-	(2,150)	(2,455)	-	-	-	-	-	-	(4,605)
At 30 June 2024	1,171,508	2,400,000	689,013	1,292,470	1,213,571	965,389	4,240,120	32,337	54,263	40,283,507	476,328	52,818,506
Additions	-	-	281,110	40,770	13,320	695,004	2,026,464	11,201	-	53,041	-	3,120,910
Disposal	(1,171,508)	(2,400,000)	(1,300)	-	-	-	(140,112)	-	-	-	-	(3,712,920)
Written off	-	-	(6,490)	(4,362)	-	(175,411)	-	(5,612)	-	-	-	(191,875)
At 30 June 2025	-	-	962,333	1,328,878	1,226,891	1,484,982	6,126,472	37,926	54,263	40,336,548	476,328	52,034,621
Accumulated depreciation												
At 1 July 2023	-	96,000	332,207	395,147	282,905	126,628	1,169,410	8,763	-	-	-	2,411,060
Charge for the financial year	-	48,000	59,127	112,032	109,967	70,413	408,202	2,934	3,618	844,787	-	1,659,080
Disposal	-	-	-	-	-	-	(2,034)	-	-	-	-	(2,034)
Written off	-	-	-	(1,076)	(2,210)	-	-	-	-	-	-	(3,286)
At 30 June 2024	-	144,000	391,334	506,103	390,662	197,041	1,575,578	11,697	3,618	844,787	-	4,064,820
Charge for the financial year	-	44,000	72,555	123,958	116,672	156,847	684,546	4,017	5,426	3,312,489	-	4,520,510
Disposal	-	(188,000)	(173)	-	-	-	(114,112)	-	-	-	-	(302,285)
Written off	-	-	(5,234)	(1,559)	-	(62,267)	-	(1,632)	-	-	-	(70,692)
At 30 June 2025	-	-	458,482	628,502	507,334	291,621	2,146,012	14,082	9,044	4,157,276	-	8,212,353
Carrying amount												
At 30 June 2025	-	-	503,851	700,376	719,557	1,193,361	3,980,460	23,844	45,219	36,179,272	476,328	43,822,268
At 30 June 2024	1,171,508	2,256,000	297,679	786,367	822,909	768,348	2,664,542	20,640	50,645	39,438,720	476,328	48,753,686

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

4. Property, plant and equipment (Cont'd)

	Computer and software RM
Company	
Cost	
At date of incorporation	-
Addition	600
At 30 June 2024	600
Addition	3,293
At 30 June 2025	3,893
Accumulated depreciation	
At date of incorporation	-
Charge for the financial period	35
At 30 June 2024	35
Charge for the financial year	252
At 30 June 2025	287
Carrying amount	
At 30 June 2025	3,606
At 30 June 2024	565

(a) Including in net carrying amount of property, plant and equipment are ROU assets as follows:

	Motor vehicles RM	Premises RM	Total RM
Group			
Cost			
At 1 July 2023	889,363	-	889,363
Additions	1,771,840	40,283,507	42,055,347
Fully settlement of lease arrangements	(132,000)	-	(132,000)
At 30 June 2024	2,529,203	40,283,507	42,812,710
Additions	2,025,305	53,041	2,078,346
Fully settlement of lease arrangements	(273,461)	-	(273,461)
At 30 June 2025	4,281,047	40,336,548	44,617,595

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

4. Property, plant and equipment (Cont'd)

- (a) Including in net carrying amount of property, plant and equipment are ROU assets as follows: (Cont'd)

	Motor vehicles RM	Premises RM	Total RM
Group (Cont'd)			
Accumulated depreciation			
At 1 July 2023	285,364	-	285,364
Charge for the financial year	286,815	844,787	1,131,602
Fully settlement of lease arrangements	(103,400)	-	(103,400)
At 30 June 2024	468,779	844,787	1,313,566
Charge for the financial year	474,858	3,312,489	3,787,347
Fully settlement of lease arrangements	(173,192)	-	(173,192)
At 30 June 2025	770,445	4,157,276	4,927,721
Carrying amount			
At 30 June 2025	3,510,602	36,179,272	39,689,874
At 30 June 2024	2,060,424	39,438,720	41,499,144

- (b) The net carrying amount of motor vehicles of the Group amounted to RM3,510,602 (30.6.2024: RM2,060,424) were acquired under lease arrangements.
- (c) Assets pledged as securities to financial institutions:

	Group	
	30.6.2025 RM	30.6.2024 RM
Freehold land	-	1,171,508
Freehold building	-	2,256,000
	-	3,427,508

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

5. Investment properties

	Freehold buildings RM	Buildings under construction RM	Total RM
Group			
Cost			
At 1 July 2023/30 June 2024	754,254	-	754,254
Addition	-	524,335	524,335
Disposal	(383,277)	-	(383,277)
At 30 June 2025	370,977	524,335	895,312
Accumulated depreciation			
At 1 July 2023	15,085	-	15,085
Charge for the financial year	15,085	-	15,085
At 30 June 2024	30,170	-	30,170
Charge for the financial year	9,975	-	9,975
Disposal	(17,886)	-	(17,886)
At 30 June 2025	22,259	-	22,259
Carrying amount			
At 30 June 2025	348,718	524,335	873,053
At 30 June 2024	724,084	-	724,084

Income and expenses recognised in profit or loss

The following is recognised in profit or loss in respect of investment properties:

	Group	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM
Direct operating expenses	5,832	6,944

Fair value basis of investment properties

The fair values of the investment properties of the Group were estimated by the Directors based on recent transacted prices in the market of properties with similar condition and location. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

5. Investment properties (Cont'd)

Fair value basis of investment properties (Cont'd)

Fair value measurements of the investment properties were categorised as follows:

	Group	
	30.6.2025 RM	30.6.2024 RM
Recurring fair value measurement:		
Freehold buildings	532,170	755,064

Level 3 fair value

Level 3 fair value of buildings have been generally derived by using sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property site. The most significant input into this valuation approach is price per square foot of comparable properties.

Investment properties at cost

Buildings under construction which is stated at cost comprises a residential and warehouse under construction in Malaysia. Management concludes that due to the nature and amount of remaining projects risks, its fair value cannot be reliably determined.

6. Intangible asset

	Trademark RM
Group	
Cost	
At 1 July 2023	-
Addition	2,000,000
At 30 June 2024/30 June 2025	2,000,000
Accumulated amortisation	
At 1 July 2023	-
Charge for the financial year	238,095
At 30 June 2024	238,095
Charge for the financial year	285,714
At 30 June 2025	523,809
Carrying amount	
At 30 June 2025	1,476,191
At 30 June 2024	1,761,905

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

6. Intangible asset (Cont'd)

The carrying amount of the trademark is reviewed annually and adjusted for impairment when necessary. The amortisation of trademark amounting to RM285,714 (30.6.2024: RM238,095) is included in administrative expenses.

The trademark allows the Group to own and possess brand name called "Mocha" which including the branding, trademarks, trade name, logo and intellectual property rights.

The cost of trademark acquired represents its fair value as at the date of acquisition. The useful life of the trademark is estimated to be 7 years. Trademark is stated at cost less accumulated amortisation and less any accumulated impairment loss.

7. Investment in subsidiaries

	Company	
	30.6.2025 RM	30.6.2024 RM
In Malaysia		
Unquoted shares, at cost	42,299,940	-
Less: Accumulated impairment losses	(1,083,580)	-
	41,216,360	-

Movements in the accumulated impairment losses are as follows:

	Company	
	30.6.2025 RM	30.6.2024 RM
At beginning of the financial year/date of incorporation	-	-
Impaired during the financial year/period	1,083,580	-
At end of the financial year/period	1,083,580	-

During the financial year, the Company recognised impairment loss of RM1,083,580 in respect of certain investment in subsidiaries as the subsidiary's net tangible assets fell below the cost of investment and the Company has determined the recoverable amounts to be lower than the cost of investment.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

7. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		30.6.2025	30.6.2024	
		%	%	
Sorento Sdn. Bhd. ("SSB")	Malaysia	100	100	Wholesale and warehousing of sanitary, kitchen and bathroom wares, bathroom utensils, equipment and accessories.
Beyond Bath Sdn. Bhd. ("BBSB")	Malaysia	100	100	Trading of bathroom wares, bathroom utensils, bathroom equipment and related products.
Nautical Sanitaryware Sdn. Bhd. ("NSSB")	Malaysia	100	100	Trading of sanitary ware and bathroom accessories.
Ideal Bath Sdn. Bhd. ("IBSB")	Malaysia	100	100	Trading of sanitary ware, tiling and building materials.
Held through SSB:				
Mocha Sdn. Bhd. ("MSB")	Malaysia	100	100	Wholesale, trading and warehousing of sanitary and bathroom wares, bathroom utensils, equipment and accessories, hardware, kitchen wares and household appliances.

Acquisition of subsidiaries

The Group was formed pursuant to the completion of the acquisition of its subsidiaries by the Company prior to the listing of and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

On 18 March 2024, the Company entered into conditional share sale agreements for the acquisition of subsidiaries by way of the issuance of 704,999,000 new ordinary shares at an issue price of RM0.06 per ordinary share for total consideration of RM42,299,940.

The acquisition was completed on 19 August 2024 and consolidated using merger method of accounting. Under the merger method of accounting, the results of these subsidiaries are presented as if the merger has taken effect throughout the current and previous financial years.

8. Investment in an associate

	Group	
	30.6.2025 RM	30.6.2024 RM
Unquoted shares, at cost		
At beginning of the financial year	-	350
Disposal	-	(350)
At end of the financial year	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

8. Investment in an associate (Cont'd)

Details of the associate are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		30.6.2025	30.6.2024	
		%	%	
GBI Building Materials Sdn. Bhd. ("GBI") *	Malaysia	-	-	Supply of building material for construction needs.

* Associate not audited by TGS TW PLT

(a) Summarised financial information of the associate is set out below:

(i) Summarised statement of financial position

	GBI	
	30.6.2025 RM	30.6.2024 RM
Current assets	-	10,000
Current liabilities	-	(131,081)
Net liabilities	-	(121,081)

(ii) Summarised statement of profit or loss and other comprehensive income

	GBI	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM
Loss for the financial year	-	(13,878)

The Group does not have obligation to share the loss before tax in the previous financial year as they have exceeded the cost of investment of GBI.

(b) Disposal of an associate

On 28 November 2023, the Group disposed of its 35% equity interest in GBI for a cash consideration of RM1 which resulting in a loss on disposal of RM349. Following the disposal, the Group no longer has any equity interest in GBI and has ceased to account for it as an associate.

9. Deferred tax assets/(liabilities)

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
At beginning of the financial year/date of incorporation	(152,691)	(135,011)	-	-
Recognised in profit or loss	134,300	(17,680)	(549)	-
At end of the financial year/period	(18,391)	(152,691)	(549)	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

9. Deferred tax assets/(liabilities) (Cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
Deferred tax assets	167,369	47,183	-	-
Deferred tax liabilities	(185,760)	(199,874)	(549)	-
	(18,391)	(152,691)	(549)	-

The components and movements of deferred tax assets/(liabilities) are as follows:

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
Property, plant and equipment	(85,561)	(188,691)	(549)	-
Provisions	67,170	36,000	-	-
	(18,391)	(152,691)	(549)	-

10. Inventories

	Group	
	30.6.2025 RM	30.6.2024 RM
Trading goods	27,637,051	23,861,363
Goods-in-transit	4,426,365	5,415,135
	32,063,416	29,276,498
Recognised in profit or loss:		
Inventories recognised as cost of sales	82,279,537	72,922,670
Reversal of slow moving inventories	(7,987)	(6,899)

The reversal of slow moving inventories was made during the financial year when the related inventories were sold.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

11. Trade receivables

	Group	
	30.6.2025 RM	30.6.2024 RM
Trade receivables	43,584,099	38,290,134
Less: Allowance for ECLs	(277,227)	(136,849)
	43,306,872	38,153,285

Trade receivables are non-interest bearing and are generally on cash on delivery to 120 days (30.6.2024: cash on delivery to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of RM7,365 (30.6.2024: RM32,662) due from companies in which certain Directors have interests.

Movements in the allowance for ECLs are as follows:

	Group	
	30.6.2025 RM	30.6.2024 RM
At beginning of the financial year	136,849	139,482
Charge for the financial year	143,659	-
Reversal of impairment losses	(3,281)	(2,633)
At end of the financial year	277,227	136,849

The following table provides information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Group			
30.6.2025			
Not past due	27,117,897	-	27,117,897
Past due:			
Less than 30 days	7,706,992	-	7,706,992
31 to 60 days	3,527,093	-	3,527,093
61 to 90 days	2,361,219	-	2,361,219
More than 90 days	2,593,671	-	2,593,671
	43,306,872	-	43,306,872
Credit impaired:			
Individual impaired	277,227	(277,227)	-
	43,584,099	(277,227)	43,306,872

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

11. Trade receivables (Cont'd)

The following table provides information about the exposure to credit risk and allowance for ECLs for trade receivables: (Cont'd)

	Gross amount RM	ECLs RM	Net amount RM
Group (Cont'd)			
30.6.2024			
Not past due	23,682,666	(4,147)	23,678,519
Past due:			
Less than 30 days	7,355,576	(2,467)	7,353,109
31 to 60 days	2,865,652	(233)	2,865,419
61 to 90 days	1,832,089	(736)	1,831,353
More than 90 days	2,426,884	(1,999)	2,424,885
	38,162,867	(9,582)	38,153,285
Credit impaired:			
Individual impaired	127,267	(127,267)	-
	38,290,134	(136,849)	38,153,285

12. Other receivables

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
Non-trade receivables	3,973,916	50,810	-	-
Deposits	986,533	1,068,977	1,300	300
Prepayments	729,685	419,105	47,249	103
Prepayments for IPO expenses	-	1,939,093	-	267,093
Advances to suppliers	8,056,972	5,148,478	-	-
	13,747,106	8,626,463	48,549	267,496

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

Included in non-trade receivables of the Group is an amount of RM3,906,000 (30.6.2024: RMNil) related to disposal of property, plant and equipment.

Included in deposits of the Group is an amount of RM750,000 (30.6.2024: RM750,000) paid to companies in which certain Directors have interests as rental deposits.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

12. Other receivables (Cont'd)

In previous financial year, included in deposits of the Group is an amount of RM62,800 paid for purchase of motor vehicles.

The foreign currency profile of other receivables are as follows:

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
United States Dollar ("USD")	130,325	-	-	-
Renminbi ("RMB")	7,262,785	4,754,212	-	-
	7,393,110	4,754,212	-	-

13. Amount due from subsidiaries

	Company	
	30.6.2025 RM	30.6.2024 RM
Trade	274,984	-
Non-trade	10,768,771	-
Dividend receivable	4,000,000	-
	15,043,755	-

Trade balance is given credit term of 30 days (30.6.2024: Nil). Non-trade balance is unsecured, non-interest bearing and repayable on demand.

14. Other investment

	Group and Company	
	30.6.2025 RM	30.6.2024 RM
At FVTPL		
Unquoted		
Level 1		
Unit trust fund	15,140,642	-

The fair value of the financial asset at FVTPL is classified as a Level 1 fair value item for purpose of fair value hierarchy disclosures which has been determined by reference to the net assets value of the funds at the reporting date as quoted by the licensed fund management company.

15. Fixed deposits with licensed banks

The interest rate of fixed deposits with licensed banks of the Group and of the Company ranged from 2.45% to 4.00% and 3.80% to 4.00% (30.6.2024: 2.25% to 3.62% and Nil) per annum respectively. The maturities of fixed deposits with licensed banks of the Group and of the Company ranged from 2 to 6 months and 3 to 6 months (30.6.2024: 2 to 3 months and Nil) respectively.

The fixed deposits with licensed banks of the Group and of the Company amounted to RM10,198,257 and RM10,198,257 (30.6.2024: RMNil and RMNil) are with maturity more than 3 months.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

16. Cash and bank balances

The foreign currency profile of cash and bank balances are as follows:

	Group	
	30.6.2025 RM	30.6.2024 RM
USD	27,233	30,097
RMB	433,113	703,472
	460,346	733,569

17. Share capital and invested equity

(a) Share capital

	Group and Company	
	Number of ordinary shares	
	30.6.2025 Units	30.6.2024 Units
Issued and fully paid		
At beginning of the financial year/date of incorporation	1,000	1,000
Effect of restructuring exercise	704,999,000	-
Issuance of share capital	155,000,000	-
At end of the financial year/period	860,000,000	1,000

	Group and Company	
	Amount	
	30.6.2025 RM	30.6.2024 RM
Issued and fully paid		
At beginning of the financial year/date of incorporation	1,000	1,000
Effect of restructuring exercise	42,299,940	-
Issuance of share capital	57,350,000	-
Share issuance expenses	(1,883,735)	-
At end of the financial year/period	97,767,205	1,000

In previous financial period, the Company was incorporated with a paid-up share capital of RM1,000 comprising 1,000 ordinary shares, which were subscribed by the initial subscribers' share on the date of its incorporation.

On 18 March 2024, the Company entered into conditional share sale agreements for the acquisition of subsidiaries by way of the issuance of 704,999,000 new ordinary shares at an issue price of RM0.06 per ordinary share for total consideration of RM42,299,940. The acquisition process was completed on 19 August 2024.

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 28 October 2024, the Company issued 155,000,000 new ordinary shares at an issue price of RM0.37 per ordinary share for a total consideration of RM57,350,000 via IPO.

NOTES TO THE FINANCIAL STATEMENTS

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17. Share capital and invested equity (Cont'd)

(a) Share capital (Cont'd)

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

(b) Invested equity

	Group	
	Number of ordinary shares	
	30.6.2025	30.6.2024
	Units	Units
Issued and fully paid		
At beginning of the financial year	381,000	381,000
Effect of restructuring exercise	(381,000)	-
At end of the financial year	-	381,000

	Group	
	Amount	
	30.6.2025	30.6.2024
	RM	RM
Issued and fully paid		
At beginning of the financial year	381,000	381,000
Effect of restructuring exercise	(381,000)	-
At end of the financial year	-	381,000

Invested equity comprised the aggregate number of issued and paid-up ordinary shares of SSB, BBSB, NSSB and IBSB. The amount has been reversed against the merger deficit as disclosed in Note 37 to the financial statements.

18. Merger deficit

The merger deficit is the difference between the cost of merger and the share capital of the subsidiaries upon consolidation under the merger acquisition principle.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

19. Loans and borrowings

	Group	
	30.6.2025 RM	30.6.2024 RM
Secured		
Term loans	268,625	2,637,827
Bankers' acceptance	2,444,000	14,436,000
Invoice financing	-	239,016
	2,712,625	17,312,843
Non-current		
Term loans	261,714	2,544,034
Current		
Term loans	6,911	93,793
Bankers' acceptance	2,444,000	14,436,000
Invoice financing	-	239,016
	2,450,911	14,768,809
	2,712,625	17,312,843

The above credit facilities are secured by the followings:

- Legal charge over the freehold land and freehold building of the Group as disclosed in Note 4 to the financial statements for the previous financial year;
- Joint and several guarantees by the certain Directors of the Group and of the Company for the previous financial year;
- Legal charge over a unit of warehouse owned by a company in which certain Directors of the Group and of the Company have interests for the previous financial year;
- Facility agreements; and
- Corporate guarantee by the Company.

The repayment terms of above credit facilities are as follows:

- Term loans are repayable by 300 (30.6.2024: 240 to 300) monthly instalments.
- Bankers' acceptance are repayable by 148 to 150 (30.6.2024: 119 to 150) days.
- Invoice financing is repayable by Nil (30.6.2024: 150) days.

The average effective interest rates per annum are as follows:

	Group	
	30.6.2025 %	30.6.2024 %
Term loans	4.42 - 4.52	4.42 - 4.52
Bankers' acceptance	4.11 - 4.35	4.11 - 4.42
Invoice financing	4.18 - 4.47	4.20

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

20. Lease liabilities

	Group	
	30.6.2025 RM	30.6.2024 RM
Non-current	38,010,260	39,201,485
Current	2,972,406	2,515,665
	40,982,666	41,717,150

The maturity analysis of lease liabilities at the end of the reporting period:

	Group	
	30.6.2025 RM	30.6.2024 RM
Within 1 year	4,551,372	4,104,420
Between 1 - 5 years	18,264,879	16,835,679
More than 5 years	29,262,156	33,215,555
	52,078,407	54,155,654
Less: Future finance charges	(11,095,741)	(12,438,504)
Present value of lease liabilities	40,982,666	41,717,150

The Group leases motor vehicles and premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liabilities of motor vehicles bear interest rates of 2.16% to 3.52% (30.6.2024: 2.16% to 3.35%) per annum. Interest rates are fiscal of the inspection of the lease liabilities agreements.

21. Trade payables

The normal trade credit terms granted to the Group ranged from cash on delivery to 60 days (30.6.2024: cash term to 120 days) depending on the terms of the contracts.

The foreign currency profile of trade payables are as follows:

	Group	
	30.6.2025 RM	30.6.2024 RM
RMB	73,601	1,462,286

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22. Other payables

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
Non-trade payables	974,002	2,287,642	56,418	-
Accruals	5,121,201	6,854,065	183,387	338,787
Deposits received	909,991	658,684	-	-
Dividend payable	-	2,999,000	-	-
Interest payable	-	4,125	-	-
	7,005,194	12,803,516	239,805	338,787

Included in deposits received of the Group is an amount of RM2,440 (30.6.2024: RMNil) due to a company in which certain Directors have interests.

Included in deposits received of the Group is an amount of RM909,991 (30.6.2024: RM658,684) relating to advance received for supply of goods.

The foreign currency profile of other payables are as follows:

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
RMB	1,068,945	1,273,764	-	-

23. Amount due to related parties

Amount due to related parties are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

24. Revenue

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Revenue from contracts with customers:				
- Sales of goods	179,167,202	151,545,024	-	-
- Management fees	-	-	5,400,000	2,250,000
	179,167,202	151,545,024	5,400,000	2,250,000
Revenue from other source:				
- Dividend income from subsidiaries	-	-	8,500,000	-
	179,167,202	151,545,024	13,900,000	2,250,000
Timing of revenue recognition:				
At a point in time	179,167,202	151,545,024	-	-
Over time	-	-	5,400,000	2,250,000
	179,167,202	151,545,024	5,400,000	2,250,000
Geographical market:				
Malaysia	179,167,202	151,545,024	13,900,000	2,250,000

NOTES TO THE FINANCIAL STATEMENTS

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25. Finance costs

	Group	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM
Interest expenses on:		
- Term loans	64,170	118,428
- Bankers' acceptance	158,542	631,107
- Invoice financing	120,256	4,125
- Lease liabilities	1,637,484	515,339
	1,980,452	1,268,999

26. Profit before tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Auditors' remuneration				
- Statutory fee	165,000	145,000	30,000	10,000
- Non-statutory fee	5,000	-	5,000	-
Depreciation of property, plant and equipment	4,520,510	1,659,080	252	35
Gain on disposal of property, plant and equipment	(827,365)	(9,034)	-	-
Property, plant and equipment written off	121,183	1,319	-	-
Depreciation of investment properties	9,975	15,085	-	-
Gain on disposal of investment properties	(29,609)	-	-	-
Amortisation of intangible asset	285,714	238,095	-	-
Impairment loss on investment in subsidiaries	-	-	1,083,580	-
Reversal of slow moving inventories	(7,987)	(6,899)	-	-
Net allowance for/(Reversal of) ECLs on trade receivables	140,378	(2,633)	-	-
Interest income on:				
- Other investment	(1,397)	-	(1,397)	-
- Fixed deposits with licensed banks	(448,649)	(181,245)	(394,995)	-
- Cash and bank balances	(292,603)	(19,876)	(232,362)	-
Dividend income	(139,245)	-	(139,245)	-
Foreign exchange				
- Unrealised loss/(gain)	9,921	(122,368)	-	-
- Realised (gain)/loss	(621,341)	98,832	-	-
Bad debts written off	-	50,000	-	-
Loss on disposal of an associate	-	349	-	-
Short-term leases (a)	1,123,000	2,446,957	-	-
Rental income	(5,350)	-	-	-

(a) The Group leases various premises and motor vehicles with contract terms of not more than one year. These leases are short-term. The Group has elected not to recognise ROU assets and lease liabilities for these leases.

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27. Taxation

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year/period provision	9,909,151	8,016,113	56,552	2,837
(Over)/Under provision in prior financial year/ period	(44,751)	102,661	(908)	-
	9,864,400	8,118,774	55,644	2,837
Deferred tax				
Origination and reversal of temporary differences	(134,300)	42,680	549	-
Over provision in prior financial year/period	-	(25,000)	-	-
	(134,300)	17,680	549	-
	9,730,100	8,136,454	56,193	2,837

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company is as follows:

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Profit before tax	35,967,266	32,564,978	4,493,670	6,971
At Malaysian statutory tax rate of 24% (30.6.2024: 24%)	8,632,144	7,815,595	1,078,481	1,673
Change in tax rate for first and second tranches of chargeable income	-	(104,307)	-	-
Expenses not deductible for tax purposes	1,642,509	430,229	1,052,039	1,164
Income not subject to tax	(499,802)	(82,724)	(2,073,419)	-
(Over)/Under provision of tax expenses in prior financial year/period	(44,751)	102,661	(908)	-
Over provision of deferred tax in prior financial year/period	-	(25,000)	-	-
	9,730,100	8,136,454	56,193	2,837

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28. Earnings per share

Basic earnings per share

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM
Profit attributable to owners of the Company	26,237,166	24,428,524
Weighted average number of ordinary shares (units)	714,822,052	705,000,000
Basic earnings per ordinary share (sen)	3.67	3.47

Diluted earnings per share

There are no dilutive earnings per share as the Group does not have any dilutive instruments for the financial years.

29. Dividends

	Group and Company 1.7.2024 to 30.6.2025 RM
Dividends recognised as distribution to owners of the Company:	
<u>In respect of the financial year ended 30 June 2025</u> <u>Sorento Capital Berhad</u>	
An interim single-tier dividend of RM0.005 per ordinary share declared on 27 February 2025 and paid on 21 March 2025	4,300,000

NOTES TO THE FINANCIAL STATEMENTS

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29. Dividends (Cont'd)

Group
1.7.2023 to
30.6.2024
RM

Dividends recognised as distribution to owners of the Company: (Cont'd)

In respect of the financial year ended 30 June 2024

SSB

An interim single-tier dividend of RM4.000 per ordinary share declared on 27 July 2023 and paid on 28 July 2023	1,000,000
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An interim single-tier dividend of RM1.998 per ordinary share declared on 22 September 2023 and paid on 25 September 2023	499,500
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An interim single-tier dividend of RM1.998 per ordinary share declared on 12 January 2024 and paid on 19 January 2024	499,500
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An interim single-tier dividend of RM8.000 per ordinary share declared on 4 April 2024 and paid on 16 April 2024	2,000,000
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An interim single-tier dividend of RM8.000 per ordinary share declared on 12 June 2024 and paid on 19 June 2024	2,000,000
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An interim single-tier dividend of RM8.000 per ordinary share declared on 27 June 2024 and paid on 26 July 2024 and 21 August 2024	2,000,000
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BBSB

An interim single-tier dividend of RM33.300 per ordinary share declared on 27 June 2024 and paid on 5 July 2024	999,000
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	8,998,000
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The Company had on 25 August 2025 declared an interim single-tier dividend of RM0.005 per ordinary share amounting to RM4,300,000 and paid on 19 September 2025. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2026.

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30. Staff costs

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Salaries, fees and other emoluments	15,104,572	13,155,970	4,854,555	1,897,500
Defined contribution plans	1,775,502	1,605,623	452,665	237,365
Social security contributions	144,257	124,305	8,144	3,639
Employment insurance scheme	16,296	14,111	862	416
Other benefits	756,721	473,001	158,067	78,000
	17,797,348	15,373,010	5,474,293	2,216,920

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year/period as below:

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Fees	180,000	360,000	180,000	-
Salaries and other emoluments	3,492,855	2,179,909	3,492,855	1,070,000
Defined contribution plans	292,105	261,643	292,105	128,686
Social security contributions	3,354	3,986	3,354	1,386
Employment insurance scheme	315	454	315	158
	3,968,629	2,805,992	3,968,629	1,200,230

The estimated monetary value of benefits-in-kind received by the Directors of the Group and of the Company were RM45,400 (30.6.2024: RM26,733).

31. Reconciliation of liabilities arising from financing activities

The table below shows the details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	At 1.7.2024 RM	Drawdowns RM	Repayments RM	At 30.6.2025 RM
Group				
Term loans	2,637,827	-	(2,369,202)	268,625
Bankers' acceptance	14,436,000	9,209,000	(21,201,000)	2,444,000
Invoice financing	239,016	7,068,330	(7,307,346)	-
Lease liabilities	41,717,150	2,033,361	(2,767,845)	40,982,666
	59,029,993	18,310,691	(33,645,393)	43,695,291

NOTES TO THE FINANCIAL STATEMENTS

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31. Reconciliation of liabilities arising from financing activities (Cont'd)

The table below shows the details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1.7.2023 RM	Drawdowns RM	Repayments RM	At 30.6.2024 RM
Group				
Term loans	2,718,859	-	(81,032)	2,637,827
Bankers' acceptance	9,445,000	36,393,000	(31,402,000)	14,436,000
Invoice financing	-	239,016	-	239,016
Lease liabilities	542,133	41,908,388	(733,371)	41,717,150
	12,705,992	78,540,404	(32,216,403)	59,029,993

32. Capital commitment and corporate guarantee

	Group		Company	
	30.6.2025 RM	30.6.2024 RM	30.6.2025 RM	30.6.2024 RM
Capital expenditure				
Authorised and contracted for:				
- Investment properties	4,705,675	-	-	-
- Motor vehicles	-	1,812,080	-	-
- Computers and software	129,600	129,600	-	-
	4,835,275	1,941,680	-	-
Corporate guarantee				
Guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	77,028,880	-

33. Related party disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

33. Related party disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Transaction with subsidiaries				
- Management fees received	-	-	(5,400,000)	(2,250,000)
Transactions with companies in which certain Directors have interests				
- Sales to	(167,221)	(2,729,020)	-	-
- Purchases from	-	2,172,223	-	-
- Short-term leases	-	1,950,000	-	-
- Rental paid to (MFRS 16)	3,600,000	930,000	-	-
- Acquisition of property, plant and equipment from	1,200	690,551	-	-
- Rental deposits paid to	-	750,000	-	-
- Acquisition of intangible asset from	-	2,000,000	-	-
- Acquisition of receivables	-	1,279,690	-	-
- Purchase of paint and hardware products from	1,162	2,210	-	-
Transaction with a Director				
- Acquisition of motor vehicle from	-	97,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

33. Related party disclosures (Cont'd)

(c) Compensation of key management personnel

Other than Directors' remuneration as disclosed in Note 30 to the financial statements, the key management personnels' compensation during the financial year/period are as follows:

	Group		Company	
	1.7.2024 to 30.6.2025 RM	1.7.2023 to 30.6.2024 RM	1.7.2024 to 30.6.2025 RM	17.5.2023 to 30.6.2024 RM
Salaries, wages and other emoluments	1,181,700	871,500	1,181,700	757,500
Defined contribution plans	160,560	113,899	160,560	100,279
Social security contributions	4,790	2,600	4,790	2,080
Employment insurance scheme	547	297	547	238
Other benefits	157,248	78,000	157,248	78,000
	1,504,845	1,066,296	1,504,845	938,097

The estimated monetary value of benefits-in-kind received by the key management personnel of the Group and of the Company were RM27,200 (30.6.2024: RM19,402).

34. Segment information

(a) Business segments

For management purposes, the Group is predominantly involved in trading of sanitary, kitchen and bathroom wares, bathroom utensils, equipment and accessories.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment.

(b) Geographic information

No disclosure on geographical segment information as the Group predominantly operates in Malaysia.

(c) Major customers

The Group has large and diversified customers base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial year ended 30 June 2025 and 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

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35. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised costs.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM	RM	RM	RM
At FVTPL				
Financial asset				
Other investment	15,140,642	-	15,140,642	-
At amortised costs				
Financial assets				
Trade receivables	43,306,872	38,153,285	-	-
Other receivables	4,960,449	1,119,787	1,300	300
Amount due from subsidiaries	-	-	15,043,755	-
Fixed deposits with licensed banks	26,251,231	3,623,903	24,694,995	-
Cash and bank balances	17,006,414	8,560,357	2,002,701	267,707
	91,524,966	51,457,332	41,742,751	268,007
	106,665,608	51,457,332	56,883,393	268,007
At amortised costs				
Financial liabilities				
Loans and borrowings	2,712,625	17,312,843	-	-
Trade payables	273,709	3,006,690	-	-
Other payables	6,095,203	12,144,832	239,805	338,787
Amount due to related parties	-	-	-	189,843
	9,081,537	32,464,365	239,805	528,630

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policies are not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade receivables, other receivables, fixed deposits with licensed banks, and cash and bank balances. The Company's exposure to credit risk arises principally from other receivables, amount due from subsidiaries, fixed deposits with licensed banks, and cash and bank balances. There are no significant changes as compared to previous financial reporting period.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiaries. It also provides financial guarantees to banks for banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position as at the reporting date represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities to certain subsidiaries.

There are no significant changes as compared to previous financial reporting period.

Credit risk concentration

The Group has no significant concentration of credit risk as their exposure spread over a large number of customers.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
30.6.2025					
<u>Non-derivative financial liabilities</u>					
Term loans	18,912	75,648	336,132	430,692	268,625
Bankers' acceptance	2,444,000	-	-	2,444,000	2,444,000
Lease liabilities	4,551,372	18,264,879	29,262,156	52,078,407	40,982,666
Trade payables	273,709	-	-	273,709	273,709
Other payables	6,095,203	-	-	6,095,203	6,095,203
	13,383,196	18,340,527	29,598,288	61,322,011	50,064,203
30.6.2024					
<u>Non-derivative financial liabilities</u>					
Term loans	208,620	834,480	2,425,146	3,468,246	2,637,827
Bankers' acceptance	14,436,000	-	-	14,436,000	14,436,000
Invoice financing	239,016	-	-	239,016	239,016
Lease liabilities	4,104,420	16,835,679	33,215,555	54,155,654	41,717,150
Trade payables	3,006,690	-	-	3,006,690	3,006,690
Other payables	12,144,832	-	-	12,144,832	12,144,832
	34,139,578	17,670,159	35,640,701	87,450,438	74,181,515

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35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
30.6.2025					
<u>Non-derivative financial liabilities</u>					
Other payables	239,805	-	-	239,805	239,805
Corporate guarantee*	77,028,880	-	-	77,028,880	-
30.6.2024					
<u>Non-derivative financial liabilities</u>					
Other payables	338,787	-	-	338,787	338,787
Amount due to related parties	189,843	-	-	189,843	189,843
	528,630	-	-	528,630	528,630

* Based on the maximum amount that can be called for under the corporate guarantee contract.

The Company provides financial guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily USD and RMB.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in		
	USD RM	RMB RM	Total RM
Group			
30.6.2025			
Other receivables	130,325	7,262,785	7,393,110
Cash and bank balances	27,233	433,113	460,346
Trade payables	-	(73,601)	(73,601)
Other payables	-	(1,068,945)	(1,068,945)
	157,558	6,553,352	6,710,910
30.6.2024			
Other receivables	-	4,754,212	4,754,212
Cash and bank balances	30,097	703,472	733,569
Trade payables	-	(1,462,286)	(1,462,286)
Other payables	-	(1,273,764)	(1,273,764)
	30,097	2,721,634	2,751,731

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and RMB exchange rates against RM, with all other variables held constant.

		Effect on profit before tax	
		30.6.2025 RM	30.6.2024 RM
Change in currency rate			
Group			
USD	Strengthened 1% (30.6.2024: 1%)	1,576	301
	Weakened 1% (30.6.2024: 1%)	(1,576)	(301)
RMB	Strengthened 1% (30.6.2024: 1%)	65,534	27,216
	Weakened 1% (30.6.2024: 1%)	(65,534)	(27,216)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage their interest rate risk of their fixed deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM	RM	RM	RM
Fixed rate instruments				
<u>Financial asset</u>				
Fixed deposits with licensed banks	26,251,231	3,623,903	24,694,995	-
<u>Financial liabilities</u>				
Bankers' acceptance	(2,444,000)	(14,436,000)	-	-
Invoice financing	-	(239,016)	-	-
Lease liabilities	(40,982,666)	(41,717,150)	-	-
	(43,426,666)	(56,392,166)	-	-
Net financial (liabilities)/asset	(17,175,435)	(52,768,263)	24,694,995	-
Floating rate instrument				
<u>Financial liability</u>				
Term loans	(268,625)	(2,637,827)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial asset and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

Cash flow sensitivity analysis for floating rate instrument

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM2,686 (30.6.2024: RM26,378) arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, and cash and cash equivalents and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The Group entered into forward exchange contracts to manage its exposure to sales and purchase transactions that are denominated in RMB. The fair value of the foreign currency forward contracts has not been recognised in the financial statements as it is immaterial as at the end of the reporting date. The notional value of foreign currency forward contracts as at the end of the reporting year is as follows:

	Group	
	30.6.2025 RM	30.6.2024 RM
Foreign currency hedging contracts		
Notional value of contracts *	185,887	-

* *Equivalents to RMB314,157 (30.6.2024: RMBNil)*

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial year/period.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

35. Financial instruments (Cont'd)

(c) Fair value of financial instruments (Cont'd)

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

The following table summarises the methods used in determining the fair value of financial asset on a recurring basis at 30 June 2025 and 30 June 2024:

	Group and Company	
	30.6.2025	30.6.2024
	RM	RM
Fair value of financial instrument carried at FVTPL		
Level 1		
<u>Financial asset</u>		
Other investment	15,140,642	-

36. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities 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.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policies are to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM	RM	RM	RM
Loans and borrowings	2,712,625	17,312,843	-	-
Lease liabilities	40,982,666	41,717,150	-	-
Less: Fixed deposits with licensed banks	(26,251,231)	(3,623,903)	(24,694,995)	-
Less: Cash and bank balances	(17,006,414)	(8,560,357)	(2,002,701)	(267,707)
Net debts/(cash)	437,646	46,845,733	(26,697,696)	(267,707)
Total equity	143,134,940	65,731,509	97,908,816	5,134
Gearing ratio (times)	0.00	0.71	N/A	N/A

N/A - the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's and the Company's approach to capital management during the financial year/period.

The Group and the Company are not subject to any external imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2025

37. Significant events during the reporting period

On 18 March 2024, the Company entered into conditional share sale agreements with the existing shareholders of SSB, BBSB, NSSB and IBSB for the acquisition of the entire equity interest in SSB, BBSB, NSSB and IBSB comprising 381,000 ordinary shares for a purchase consideration of RM42,299,940 to be satisfied by way of the issuance of 704,999,000 new ordinary shares in the Company at an issue price of RM0.06 per share. The acquisition was completed on 19 August 2024.

For the purpose of accounting for the restructuring exercise, the Group has applied merger method accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under merger method accounting, the difference between cost of investment recorded by the Company and the share capital of SSB, BBSB, NSSB and IBSB is accounted for as merger deficit.

On 7 October 2024, the Company launched its Prospectus and undertook IPO at RM0.37 per share, comprising:

- (i) Public issue of 155,000,000 new ordinary shares in the following manner:
 - (a) 43,000,000 shares to the Malaysian Public;
 - (b) 16,000,000 shares to the eligible Directors and employees as well as persons who have contributed to the success of the Group;
 - (c) 96,000,000 shares by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry of Malaysia ("MITI"); and
- (ii) Offer for sale of 74,000,000 existing ordinary shares by way of private placement in the following manner:
 - (a) 62,500,000 existing shares made available to selected investors; and
 - (b) 11,500,000 existing shares made available to bumiputera investors approved by MITI.

On 28 October 2024, the listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM97,767,205 (net of listing expenses) comprising 860,000,000 ordinary shares in the Company has been completed and the Company has been successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

38. Comparative information

The Company was incorporated on 17 May 2023 in previous financial period. As such, the comparative information is for the financial period from 17 May 2023 to 30 June 2024, while the current financial period from 1 July 2024 to 30 June 2025. Consequently, comparative figures in the statements of profit or loss and other comprehensive income, statements of change in equity, statements of cash flows and related notes for the Company are not comparable.

39. Date of authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 16 October 2025.

ANALYSIS OF SHAREHOLDINGS

As At 1 October 2025

Total Number of Issued Shares : 860,000,000 ordinary shares
 Class of Equity Securities : Ordinary shares ("Shares")
 Voting Rights : One (1) vote for every ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	5	0.61	90	0.00
100 - 1,000 shares	159	19.27	79,710	0.01
1,001 - 10,000 shares	301	36.48	1,692,600	0.20
10,001 - 100,000 shares	260	31.52	11,130,600	1.29
100,001 - less than 5% of the issued Share (*)	98	11.88	244,212,813	28.40
5% and above of issued Shares (**)	2	0.24	602,884,187	70.10
Total	825	100.00	860,000,000	100.00

* Less than 5% of issued Shares

** 5% and above of issued Shares

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Haji Ahmad Zakie Bin Haji Ahmad Shariff	150,000	0.02	-	-
Loo Chai Lai	86,884,187	10.10	536,016,370 ⁽¹⁾	62.33
Loo Jing Kai	19,216,370	2.23	-	-
Lee Chee Keong	8,899,443	1.03	-	-
Christine Toh Hung Mei	250,000	0.03	-	-
Teh Lay Sim	250,000	0.03	-	-
Yeat Soo Ching	250,000	0.03	-	-

Note:

(1) Deemed interested by virtue of his direct shareholdings in LCL Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest of his children, Loo Jing Kai and Loo Jing Shun in the Company.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
LCL Success Sdn. Bhd.	516,000,000	60.00	-	-
Loo Chai Lai	86,884,187	10.10	536,016,370 ⁽¹⁾	62.33

Note:

(1) Deemed interested by virtue of his direct shareholdings in LCL Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest of his children, Loo Jing Kai and Loo Jing Shun in the Company.

ANALYSIS OF SHAREHOLDINGS

As At 1 October 2025

THIRTY LARGEST SHAREHOLDERS AS AT 1 OCTOBER 2025

(without aggregating securities from different securities accounts belonging to the same registered holder)

No	Name	No. of Shares	%
1.	LCL Success Sdn. Bhd.	516,000,000	60.00
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loo Chai Lai (7005187)</i>	86,884,187	10.10
3.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for Citibank New York (Norges Bank 22)</i>	24,550,000	2.85
4.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Peng Sian @ Chua Peng Sian</i>	19,884,900	2.31
5.	Loo Jing Kai	19,216,370	2.23
6.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Gan Boon Tian</i>	18,858,600	2.19
7.	Chew Guan Teck	15,591,000	1.81
8.	Hong Chee Leong	13,718,000	1.60
9.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - Ambank (M) Berhad for Liew Foo Heen (Smart)</i>	13,514,000	1.57
10.	M & A Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Peng Sian @ Chua Peng Sian (M&A)</i>	9,472,400	1.10
11.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kang Ket Hung</i>	9,450,000	1.10
12.	Universal Trustee (Malaysia) Berhad <i>Kaf Core Income Fund</i>	9,360,000	1.09
13.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Chee Keong (7017211)</i>	8,899,443	1.03
14.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hon Tian Kok @ William</i>	7,370,000	0.86
15.	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt An for Citibank New York (Norges Bank 19)</i>	5,025,000	0.58
16.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account - Ambank (M) Berhad for Ng Ah Chai (Smart)</i>	4,330,900	0.50
17.	Tan Hock Kien	4,305,000	0.50
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kang Ket Hung (3011578)</i>	4,027,600	0.47
19.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Peng Sian @ Chua Peng Sian</i>	4,000,000	0.47
20.	Oui Yew Wah	3,715,600	0.43
21.	HLIB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teh Ah Huah</i>	3,350,000	0.39
22.	Loo Ai Cheng	2,702,700	0.31
23.	Tan Gine Ngee	2,702,700	0.31
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kang Ah Hin (7000989)</i>	2,700,000	0.31
25.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Huat Hing Resources Sdn. Bhd.</i>	2,159,400	0.25
26.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Ah Chai</i>	2,000,000	0.23
27.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Kai Kai (MF00586)</i>	1,985,000	0.23
28.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lean Hooi Khim (MF00704)</i>	1,733,000	0.20
29.	MooMoo Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Jackson Lim Beng Shien</i>	1,500,000	0.17
30.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Low Peng Sian @ Chua Peng Sian (7004588)</i>	1,350,000	0.16

LIST OF PROPERTIES

Address of Property	Description / Existing Use	Land Area / Built-Up Area	Tenure / Age of Building	Date of Acquisition	Net Book Value as at 30 June 2025 (RM)
C-36-01, Mercu Kenwingston, No. 81, Jalan Gombak, 53000 Kuala Lumpur	Service apartment / Vacant for sale	Not Applicable / 650 sq ft	Freehold	26 August 2020	348,718
Lot 12, Armani Business Park 2, Kg Lokub Permai, 88450 Kota Kinabalu, Sabah	*2-Storey semi-detached industrial factory / Vacant	8,138 sq ft / 5,251 sq ft	Leasehold / 74 years (until 31 December 2098)	16 June 2025	136,000
A-40-07, Storey No.40, Building No. Tower A, Muze @ PICC, 8, Persiaran Mahsuri, Sungai Nibong Kecil, 11950 Bayan Lepas, Pulau Pinang	Condominium / Vacant	Not Applicable / 1,076 sq ft	Freehold	30 April 2025	315,000
Parcel No.B-50-10, Storey No.50, Building No. Tower B (The Wyn Residences)	**Service apartment / Vacant	Not Applicable / 700 sq ft	Leasehold / 72 years (until 4 May 2096)	25 March 2025	73,335

* Yet to receive vacant possession

** Construction in progress

NOTICE OF THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("2nd AGM" or "Meeting") of Sorento Capital Berhad ("Sorento Capital" or "the Company") will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor, Malaysia on Tuesday, 9 December 2025 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses, with or without any modifications:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2025 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To approve the payment of Directors' fees and/or benefits of up to RM280,000.00 for the period from the date immediately after the 2nd AGM until the date of the next Annual General Meeting ("AGM") of the Company. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire by rotation pursuant to Clause 91 of the Company's Constitution: -
 - (i) Mr. Loo Chai Lai **(Ordinary Resolution 2)**
 - (ii) Tuan Haji Ahmad Zakie Bin Haji Ahmad Shariff **(Ordinary Resolution 3)**
4. To re-appoint TGS TW PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS:

To consider and if thought fit, pass the following resolution: -

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** **(Ordinary Resolution 5)**

"THAT subject always to the Constitution of the Company, the Act, the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company ("Shares") to such persons, 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time ("Mandate") AND the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional Shares so issued on Bursa Securities AND such authority shall continue in force until the conclusion of the next AGM of the Company held next 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.

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

NOTICE OF THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

6. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC NO.: 201908001272)
LOO HUI YAN (MAICSA 7069314) (CCM PC NO.: 202308000290)
 Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
 29 October 2025

Notes:

- (a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, speak and vote at the Meeting shall have the same rights as the member to attend, speak and vote at the Meeting.
- (c) The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 65(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 December 2025. Only members whose names appear in the General Meeting Record of Depositors as at 2 December 2025 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.
- (g) To be valid, the instrument appointing a 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 for holding the Meeting:-
 - (i) In hard copy form:
 In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, at the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
 - (ii) By electronic means via email:
 In the case of an appointment made via email, the proxy form must be received via email at is.enquiry@vistra.com.

For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Sunday, 7 December 2025 at 10:00 a.m. for verification purposes.

NOTICE OF THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

(iii) Via Online:

In the case of an appointment made via an online lodgement facility, please log in to the Share Registrar's website at <https://srmy.vistra.com> and follow the steps outlined in the Administrative Notes for the 2nd AGM for registering on the Vistra Share Registry and IPO (MY) portal and submitting your proxy form electronically.

- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.
- (i) Please refer to the Administrative Notes for the 2nd AGM for the registration process for the Meeting.
- (j) Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.sorentocapital.com for the latest updates on the status of the Meeting.

EXPLANATORY NOTES:

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2025

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda - Directors' Fees and/or Benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and/or benefits for the period from the date immediately after the 2nd AGM until the date of the next AGM of the Company. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Item 3 of the Agenda - Re-election of Directors

Clause 91 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Hence, two (2) out of seven (7) Directors of the Company are to retire in accordance with Clause 91 of the Company's Constitution.

Mr. Loo Chai Lai and Tuan Haji Ahmad Zakie Bin Haji Ahmad Shariff ("Retiring Directors") will retire by rotation pursuant to Clause 91 of the Company's Constitution. The Retiring Directors being eligible, have offered themselves for re-election at the Meeting.

The Board has endorsed the Nomination Committee's recommendation to seek for the shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value. The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profiles of the Retiring Directors are provided in the Directors' Profile contained in the Company's Annual Report 2025.

NOTICE OF THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

4. Item 5 of the Agenda - General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 5 proposed under item 5 of the Agenda is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, will empower the Directors to issue and allot new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotments of such shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or repayment of borrowings or debt settlement/repayment or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

The Company had at its 1st AGM held on 5 August 2024, obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, 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 to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate granted to the Directors at the 1st AGM, which will lapse at the conclusion of the Meeting, and accordingly, no proceeds were raised.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

Sorento
CAPITAL BERHAD

202301018305 (1512227-W)
(Incorporated in Malaysia)

Day and Date : Tuesday, 9 December 2025

Time : 10:00 a.m. or at any adjournment thereof

Venue : Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor, Malaysia

REGISTRATION ON THE DAY OF THE 2ND AGM

1. The registration counter will open at 9:00 a.m. on Tuesday, 9 December 2025 and will remain open until the conclusion of the 2nd AGM or such time as may be determined by the Chairman of the meeting.
2. Please produce your ORIGINAL MyKad or Passport (for foreign shareholder) during registration for verification. Only original MyKad or Passport is valid for registration.
3. Please note that you are not allowed to register on behalf of another shareholder/proxy, even with the original MyKad or Passport of that other shareholder/proxy. Please make sure you collect your MyKad or Passport after the registration.
4. After verification and registration, you will be given an identification wristband. If you are attending the Meeting as a shareholder as well as proxy, you will be registered once and will only be given one identification wristband to enter the meeting hall. There is no replacement in the event that you lose/misplace the identification wristband.
5. After registration and signing on the Attendance List, please vacate the registration area.
6. The registration counter will only handle verification of shareholdings and registration. For other clarification or queries, you may proceed to the Help Desk.

HELP DESK

1. The Help Desk will handle all clarification and queries on matters relating to the 2nd AGM.

CORPORATE MEMBERS

Corporate members who wish to appoint corporate representatives instead of proxy, must deposit their original or duly certified of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. on or before the 2nd AGM.

APPOINTMENT OF PROXY OR ATTORNEY

1. Only members whose names appear on the Record of Depositors as at 2 December 2025 shall be eligible to attend, participate, speak and vote at the 2nd AGM or appoint proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
2. Members can appoint the Chairman of the Meeting as their proxy and indicate the voting instruction in the proxy form.
3. If you wish to participate in the 2nd AGM yourself, please do not submit any proxy form for the 2nd AGM. You will not be allowed to participate in the 2nd AGM together with a proxy appointed by you.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

4. Accordingly, proxy form and/or documents relating to the appointment of proxy/attorney for the 2nd AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 2nd AGM or not later than Sunday, 7 December 2025 at 10:00 a.m. :

(i) In hard copy form:

In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, at the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic means:

(a) In a case of an appointment made via email, the proxy form must be received via email at is.enquiry@vistra.com. Please deposit the original executed proxy form as in (i) above no later than Sunday, 7 December 2025 at 10:00 a.m. for verification purposes.

(b) Via Online:

The procedures to submit your proxy form electronically via Vistra Share Registry and IPO (MY) portal ("The Portal") are summarised below:-

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User at The Portal	1. Visit the website at https://srmy.vistra.com. 2. Click "Register" and select "Individual Holder" and complete the New User Registration Form. 3. For guidance, you may refer to the tutorial guide available on the homepage. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approved within one (1) working day. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. <i>If you are an existing user with The Portal or our TIIH Online portal previously, you are not required to register again.</i>
Proceed with submission of proxy form	1. After the release of the Notice of Meeting by the Company, login with your email address and password. 2. Select the corporate event: "SORENTO 2ND AGM". 3. Navigate to the 3 dots at the end of the corporate event and choose "SUBMISSION OF PROXY FORM". 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Indicate the total number of shares assigned to your proxy(s) to vote on your behalf. 6. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. 7. Indicate your voting instructions - FOR or AGAINST or ABSTAIN. 8. Print the proxy form for your record.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

Procedure	Action
ii. Steps for Corporation or Institutional Shareholders	
Register as a User at The Portal	1. Visit the website at https://srmy.vistra.com. 2. Click "Register" and select "Representative or Corporate Holder" and complete the New User Registration Form. 3. Complete the registration form with your personal details. 4. Once registration is completed, you will receive an email notification to verify your registered email address. 5. After verification, your registration will be reviewed and approval within two (2) working days. A confirmation email will be sent once approved. 6. Once you receive the confirmation, activate your account by creating your password. <i>Note: The representative of a corporation 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 Tricor if you need clarifications on the user registration.</i>
Proceed with submission of proxy form	1. Login to https://srmy.vistra.com with your email address and password. 2. Select the corporate event: "SORENTO 2ND AGM". 3. Navigate to the icon ">" at the end of the corporate event. 4. Read and agree to the Terms and Conditions and confirm the Declaration. 5. Select the corporate holder's name. 6. Proceed to download the submission file. 7. Prepare the file for the appointment of proxy(ies) by inserting the required data. 8. Proceed to upload the duly completed proxy appointment file. 9. Select "Confirm" to complete your submission. 10. Print the confirmation report of your submission for your record.

VOTING AT MEETING

1. The voting at the 2nd AGM will be conducted by poll in accordance with Paragraph 8.31A of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct poll voting.
2. Upon completion of the voting session for the 2nd AGM, the Independent Scrutineers will verify the poll results for the announcement by the Chairman, followed by the Chairman's declaration whether the resolutions are carried.

RESULTS OF THE VOTING

The resolutions proposed at the 2nd AGM and the results of the voting will be announced at the 2nd AGM and subsequently via an announcement made by the Company through Bursa Securities at www.bursamalaysia.com.

NO RECORDING OR PHOTOGRAPHY

By participating at the 2nd AGM, you agree that no part of the 2nd AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ADMINISTRATIVE NOTES FOR THE SECOND ANNUAL GENERAL MEETING ("2ND AGM")

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except public holidays).

Tricor Investor & Issuing House Services Sdn. Bhd.		
Telephone Number	General Line	03-2783 9299
Contact Person	Mohammad Ashraff Bin Mohd Khaizan	03-2783 9276 muhammad.ashraff@vistra.com
	Low Cheng Chuan	03-2783 9278 cheng.chuan.low@vistra.com
Email	is.enquiry@vistra.com	

The Company may at its discretion make any changes to the above arrangements in the event of unforeseen circumstances.

PROXY FORM

(Before completing this form please refer to the notes below)

Sorento

CAPITAL BERHAD

202301018305 (1512227-W)

(Incorporated in Malaysia)

No. of Shares held	
CDS Account No.	

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)

of _____
(Address)

with email address _____ mobile phone no. _____

being a member/members* of **SORENTO CAPITAL BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

and/ or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Second Annual General Meeting of the Company ("2nd AGM" or "Meeting") to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor, Malaysia on Tuesday, 9 December 2025 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and/or benefits of up to RM280,000.00 for the period from the date immediately after the 2 nd AGM until the date of the next Annual General Meeting of the Company.		
2.	To re-elect Mr. Loo Chai Lai as a Director of the Company.		
3.	To re-elect Tuan Haji Ahmad Zakie Bin Haji Ahmad Shariff as a Director of the Company.		
4.	To re-appoint TGS TW PLT as Auditors of the Company.		
5.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

* delete whichever is not applicable

Dated this _____ day of _____ 2025

Signature of Member(s) / Common Seal

Notes:

- (a) A member who is entitled to attend, participate, speak and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
- (b) A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend, speak and vote at the Meeting shall have the same rights as the member to attend, speak and vote at the Meeting.
- (c) The instrument appointing a proxy shall be in writing signed by the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or signed by an officer or attorney duly authorised.
- (d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (f) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 65(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 December 2025. Only members whose names appear in the General Meeting Record of Depositors as at 2 December 2025 shall be regarded as members and entitled to attend, participate, speak and vote at the Meeting.

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AFFIX
STAMP

The Share Registrar
SORENTO CAPITAL BERHAD

c/o 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, Wilayah Persekutuan

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- (g) To be valid, the instrument appointing a 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 for holding the Meeting:-

(i) In hard copy form:

In the case of an appointment made in hard copy form, the proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, at the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

(ii) By electronic means via email:

In the case of an appointment made via email, the proxy form must be received via email at is.enquiry@vistra.com.

For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Sunday, 7 December 2025 at 10:00 a.m. for verification purposes.

(iii) Via Online:

In the case of an appointment made via an online lodgement facility, please log in to the Share Registrar's website at <https://srmy.vistra.com> and follow the steps outlined in the Administrative Notes for the 2nd AGM for registering on the Vistra Share Registry and IPO (MY) portal and submitting your proxy form electronically.

- (h) All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

- (i) Please refer to the Administrative Notes for the 2nd AGM for the registration process for the Meeting.

- (j) Kindly check Bursa Malaysia Securities Berhad's and the Company's website at www.sorentocapital.com for the latest updates on the status of the Meeting.

www.sorentocapital.com

Sorento Capital Berhad

(Registration No.: 202301018305 (1512227-W))

No. 5, Jalan Astana 2/KU2
Bandar Bukit Raja
41050 Klang
Selangor Darul Ehsan

Telephone No. : (03) 3082 9288
Email : sorento@sorento.com.my