



SMIS CORPORATION BERHAD
[Registration No. 199901016957 (491857-V)]

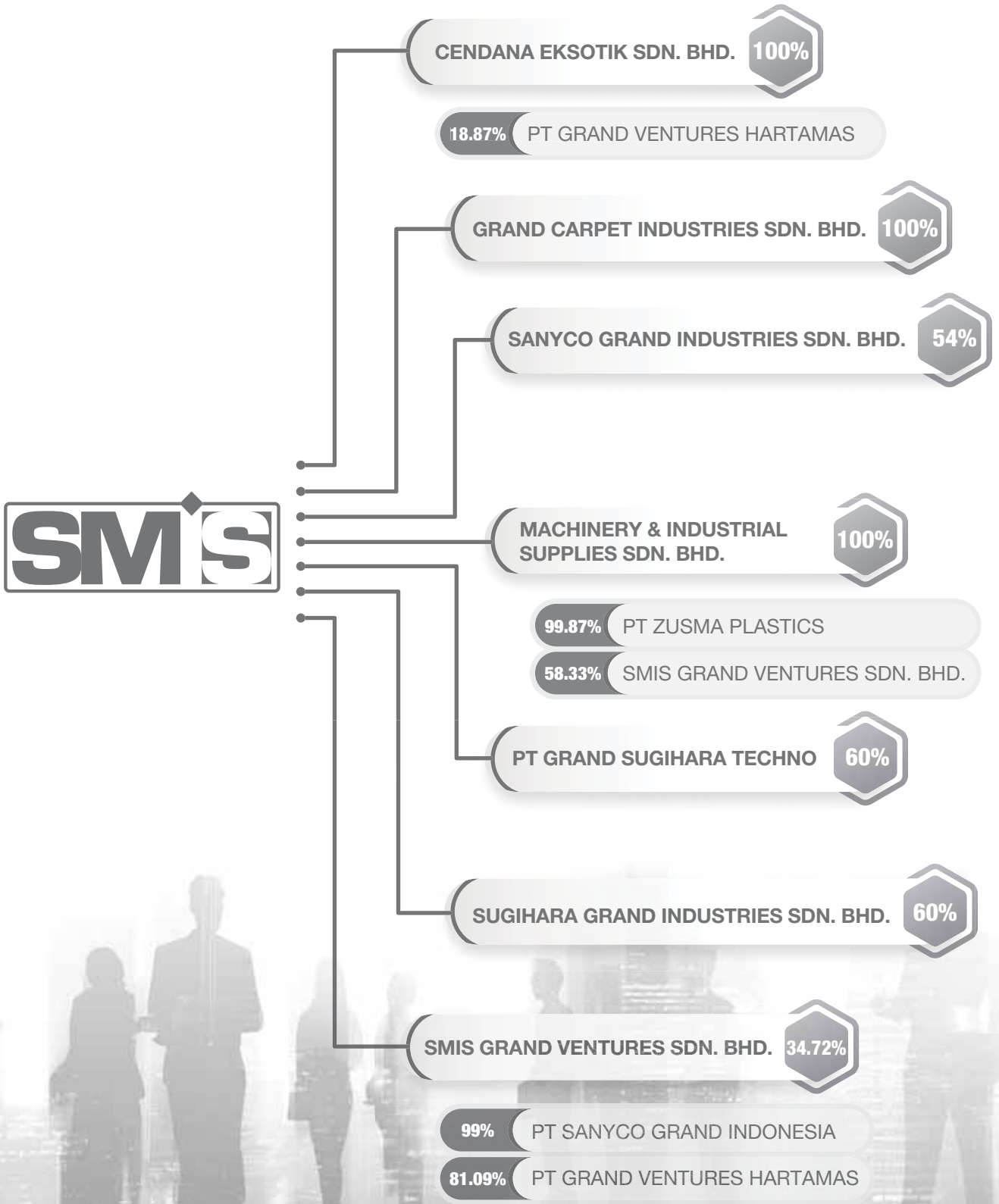
2025
ANNUAL REPORT

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Group Structure

As at 15 April 2026



Corporate Information

BOARD OF DIRECTORS

Ng Wai Kee

(Executive Director & Chairman)

Yap Siew Foong

(Executive Director)

Oei Kok Eong

(Independent Non-Executive Director)

Tan Hock Soon

(Independent Non-Executive Director)

Tan Yi Woan

(Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Tan Hock Soon (Chairman)

Oei Kok Eong

Tan Yi Woan

NOMINATION COMMITTEE

Tan Hock Soon (Chairman)

Oei Kok Eong

Tan Yi Woan

REMUNERATION COMMITTEE

Oei Kok Eong (Chairman)

Tan Hock Soon

Tan Yi Woan

BUSINESS ADDRESS

Lot 3, Jalan Pemaju U1/15
Seksyen U1, Hicom Glenmarie
Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : 03-5880 0900

WEBSITE

<http://www.smis.com.my>

COMPANY SECRETARIES

Tai Yit Chan

(MAICSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning

(MAICSA 7015852)
(SSM PC No. 202008000067)

REGISTERED OFFICE

12th Floor, Menara Symphony
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Selangor Darul Ehsan
Malaysia
Tel : 03-7890 4800
Fax : 03-7890 4650
Email : boardroom-kl@
boardroomlimited.com

AUDITOR

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[Registration No. 201906000600]
(LLP0019411-LCA) (AF 0117)
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Level 10, Tower 1, Avenue 5
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Wilayah Persekutuan
Malaysia
Tel : 03-2297 1000
Fax : 03-2282 9980

PRINCIPAL BANKER

United Overseas Bank (Malaysia)
Berhad
[Registration No. 199301017069
(271809-K)]
UOB Plaza 1, No.7 Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan
Malaysia

SHARE REGISTRARS

Boardroom Share Registrars
Sdn. Bhd.
[Registration No. 199601006647
(378993-D)]
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
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Malaysia
Tel : 03-7890 4700
Fax : 03-7890 4670
Email : bsr.helpdesk@
boardroomlimited.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Stock Name : SMISCOR
Stock Code : 7132



Five-Year Financial Highlights

As at 31 December

In thousands of RM	2021	2022	2023	2024	2025
Revenue	113,176	154,399	159,786	157,198	139,577
(Loss)/Profit before tax	(2,284)	22,272	3,024	9,093	5,710
(Loss)/Profit for the year	(2,467)	19,648	1,408	6,101	4,635
(Loss)/Profit attributable to owners	(2,345)	18,453	(385)	2,820	3,035
Total equity attributable to owners	54,639	72,673	78,855	80,341	80,713
Total assets	112,111	119,970	132,086	138,139	146,669
Total liabilities	(43,696)	(32,328)	(35,002)	(35,557)	(38,025)
Total borrowings	(13,024)	(3,674)	(3,246)	(5,186)	(4,764)
Growth rate over previous years					
Revenue	11.7%	36.4%	3.5%	(1.6%)	(11.2%)
(Loss)/Profit before tax	49.9%	1075.1%	(86.4%)	200.7%	(37.2%)
(Loss)/Profit for the year	48.9%	896.4%	(92.8%)	333.3%	(24.0%)
(Loss)/Profit attributable to owners	46.7%	886.9%	102.1%	832.5%	(7.6%)
Total equity attributable to owners	(3.6%)	33.0%	8.5%	1.9%	0.5%
Total assets	(2.0%)	7.0%	10.1%	4.6%	6.2%
Total liabilities	(0.4%)	(26.0%)	8.3%	1.6%	6.9%
Total borrowings	(3.2%)	(71.8%)	(11.7%)	59.8%	(8.1%)
Share information					
Basic (loss)/earnings per share (sen)	(5.56)	43.77	(0.91)	6.69	7.20
Net assets per share (RM)	1.53	1.96	2.17	2.29	2.43
Financial ratio					
Return on equity attributable to owners	(4.5%)	27.0%	1.8%	7.6%	5.7%
Return on total assets	(2.2%)	16.4%	1.1%	4.4%	3.2%
Debt equity ratio	0.24	0.05	0.04	0.06	0.06

PROFILE OF **DIRECTORS**



Profile of Directors

Chairman, Executive Director

NG WAI KEE

Age

54

Gender

M

Ng Wai Kee, aged 54, male, was appointed to the Board of Directors of SMIS Corporation Berhad (“SMIS” or “the Company”) on 2 February 2002 as an Executive Director and assumed the position of the Chief Executive Officer (“CEO”) on 22 February 2013. He was re-designated as Chairman and Executive Director on 21 November 2014.

He holds a Bachelor of Accounting from the University of Technology, Sydney, Australia and is an Associate member of the Institute of Chartered Accountants, Australia. He worked as a project consultant with Westpac Banking Corporation, Sydney in 1992 and with Deloitte Touche Tohmatsu, Sydney in 1993. He left the firm as a Senior Analyst in 1996. Since 1997, he has been instrumental in many milestones achieved by SMIS, including securing a joint venture with Sugihara Co., Ltd., Japan and the listing of the Company on Bursa Malaysia Securities Berhad. Currently, he is responsible for the strategic direction and operational management of SMIS, where he continues to drive growth, efficiency and stronger corporate governance to enhance shareholder value.

He is currently a Director of Malaysian Automotive Components Parts Manufacturers (“MACPMA”) and Vice Chairman of the Toyota Suppliers Association, Malaysia. Other than SMIS, he does not hold any other directorships in other public companies and listed issuers Malaysia.

He is the son of Yap Siew Foong, a Director and major shareholder of the Company. His shareholdings in the Company are disclosed on page 153 to 154 of the Annual Report.

He has attended all the five (5) board meetings held in the financial year ended 31 December 2025 (“FY2025”).

Executive Director

YAP SIEW FOONG

Age

81

Gender

F

Yap Siew Foong, aged 81, female, was appointed to the Board of Directors of SMIS on 2 February 2002 as an Executive Director.

She is one of the co-founders of SMIS and its subsidiaries (“SMIS Group” or “the Group”) and is responsible for the finance and operations of the trading division. Other than SMIS, she does not hold any other directorships in other public companies and listed issuers Malaysia.

She is the mother of Ng Wai Kee, a Director and major shareholder of the Company. Her shareholdings in the Company are disclosed on page 153 to 154 of the Annual Report.

She has attended all the five (5) board meetings held in the FY2025.

Profile of Directors

cont'd

Independent Non-Executive Director

OEI KOK EONG

Age

Gender

72

M

Oei Kok Eong, aged 72, male, was appointed to the Board of Directors of SMIS on 21 November 2014 as an Independent Non-Executive Director. He serves as the Chairperson of the Remuneration Committee and a member of the Audit and Risk Committee and Nomination Committee.

He has a Bachelor's Degree in Mechanical Engineering from the University of Singapore, 1977.

He started his career in Jardine Parrish, Singapore as a project and maintenance engineer and then worked in Rothmans, Petaling Jaya in manufacturing. Since then, he has been involved in the automotive component industry for more than thirty (30) years, initially served as the Operations Manager of a greenfield company, Kayaba (Malaysia) Sdn. Bhd., a joint-venture between an international Japanese PLC and UMW Berhad and later rose to the position of General Manager/Director.

He also headed the Autoliv group of companies in Malaysia - a division of Hirotako Berhad, which was involved in manufacturing seat belts, steering wheels and airbags systems.

In 2006, he was appointed Executive Director of APM Holdings Berhad, responsible for overseas operations until his retirement in 2011.

Over the years, he had served in various positions in the Malaysian Automotive Component Manufacturers' Association ("MACPMA") and working/technical committees of SIRIM. He also initiated and headed the Toyota Suppliers' Club Lean Manufacturing activities for several years.

He was the founding Chair of the Malaysian Chapter of the Society of Automotive Engineers in 2000.

Up till 2023, he was a CEO coach mentoring a group of business owners/CEOs in association with Vistage Malaysia Sdn. Bhd. He also serves as an Independent Non-Executive Director of HPMT Holdings Berhad, New Hoong Fatt Holdings Berhad and Rhone Ma Holdings Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholders of the Company and does not hold any shares in the Company or its subsidiaries.

He has attended all the five (5) board meetings held in the FY2025.

Independent Non-Executive Director

TAN HOCK SOON

Age

Gender

53

M

Tan Hock Soon, aged 53, male, was appointed to the Board of Directors of SMIS on 3 June 2019 as an Independent Non-Executive Director. He serves as the Chairman of the Audit and Risk Committee and the Nomination Committee and is a member of the Remuneration Committee. He is a Fellow Member of the Malaysian Institute of Certified Public Accountants as well as a Member of the Malaysian Institute of Accountants.

He commenced his career with KPMG in 1992 before leaving to join the Corporate Finance Division of Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) in 1996. He left in 1999 to set up his own business.

From 2001 to 2004, he was an Executive Director of Mercedes Holdings Berhad (now known as Y&G Corporation Berhad), a company listed on the then Second Board of Bursa Malaysia Securities Berhad. From 2003 to 2008, he was also an Independent Non-Executive Director and Audit Committee Chairman of NTPM Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He was an Executive Director of Systech Bhd, a company listed on the ACE Market of Bursa Malaysia Securities Berhad from 2011 until his retirement in 2023. He is currently an Executive Director of SysArmy Sdn. Bhd., a company principally involved in the provision of cyber security solutions and services since 2017.

In 2004, he obtained his Investment Representative license, co-founded and is currently a Director of Strategic Capital Advisory Sdn. Bhd., a Licensed Investment Advisory company which is principally involved in corporate finance advisory services.

He is also currently a Senior Independent Non-Executive Director of Econframe Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholders of the Company and does not hold any shares in the Company or its subsidiaries.

He has attended all the five (5) board meetings held in the FY2025.

Profile of Directors

cont'd

Independent Non-Executive Director

TAN YI WOAN

Age

Gender

32

F

Tan Yi Woan, aged 32, female, was appointed to the Board of Directors of SMIS on 27 November 2024 as an Independent Non-Executive Director. She serves as a member of the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee.

She graduated with a Bachelor of Laws (Honours) from Multimedia University in 2016 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2017.

She joined an established law firm in Kuala Lumpur in 2017 and was promoted to partner in 2022. She handled a wide range of corporate and commercial transactions, including initial public offerings and mergers and acquisitions. She also provided advisory services to companies on a retainer basis and was involved in conveyancing and banking matters.

In August 2023, she left the firm and subsequently set up Messrs. Yu Yi Law Chambers with another partner in September 2023. She currently serves as a Managing Partner. She handles corporate and commercial matters, as well as conveyancing and banking matters.

Other than SMIS, she does not hold any other directorships in other public companies and listed issuers Malaysia.

She has no family relationship with any director and/or major shareholders of the Company and does not hold any shares in the Company or its subsidiaries.

She has attended all the five (5) board meetings held in the FY2025.

Notes to Directors' Profile:

1. All of the Directors of SMIS are Malaysians.
2. Other than traffic offences (if any), none of the Directors of SMIS has any conviction for offenses within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. Save as disclosed, none of the Directors of SMIS have any conflict of interest or potential of conflict of interest in the Company or its subsidiaries.

PROFILE OF
**KEY SENIOR
MANAGEMENT**



Profile of Key Senior Management

ROBERT KOONG YIN LEONG

Group Financial Controller

Robert Koong Yin Leong, aged 58, male, was appointed as Group Financial Controller of SMIS Group in 2006. He is a Member of the Malaysian Institute of Accountants and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

He began his professional career with Arthur Andersen Malaysia in 1990, where he gained experience in corporate recovery and corporate finance. He subsequently joined Electroscon Sdn. Bhd. in 1994 as Group Finance Manager. In 1999, he was appointed Finance and Administration Manager of Tanco Resorts Berhad.

From 2002 to 2005, he served as General Manager, Finance of Hicom-Teck See Sdn. Bhd., which included an overseas assignment with Hicom Automotive Plastics (Thailand) Ltd. He later joined Nakamichi Corporation Berhad as Manager, Finance and Administration prior to his appointment with SMIS Group.

He was appointed to the Board of Systech Berhad as a Non-Executive Director in 2011 and was subsequently redesignated as Non-Executive Chairman in 2019, a position he held until his retirement in 2023.

He currently serves as Independent Non-Executive Chairman of Econframe Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He has no family relationship with any director and/or major shareholder of the Company and does not hold any shares in the Company or its subsidiaries.

BEH KIANG HOO

*Director of Operations
(Automotive Carpet Division)*

Beh Kiang Hoo, aged 51, male, joined the Group in 2000 and currently serves as Director of Operations, overseeing the operations of the Carpet Division.

He holds a Degree in Agricultural Engineering from Universiti Putra Malaysia. Prior to joining the Group, he was a Sales Engineer with Belt Equipment Supplies Sdn. Bhd. Since joining the Group, he has accumulated extensive experience through various roles spanning Quality, Business Development, Research and Development, and Plant Operations, before assuming his current position.

He does not hold any directorships in other public companies and listed issuers Malaysia.

He has no family relationship with any director and/or major shareholder of the Company and does not hold any shares in the Company or its subsidiaries.

Profile of Key Senior Management

cont'd

HO HARN PING

*Director of Operations
(Automotive Braking Components Division)*

Ho Harn Ping, aged 55, male, joined the Group in 1997 and currently serves as Director of Operations, overseeing the operations of the Braking Components Division.

He holds a Bachelor's Degree in Mechanical Engineering and a Master's Degree in Mechanical Design from National Cheng Kung University, Taiwan. He began his career with a Taiwanese company, San Yes Automotive Industry Co. Ltd, as a Product Design Engineer and subsequently advanced through various managerial roles spanning Technical, Quality, and Production functions before joining the Group in 1997. In 2007, he was appointed Senior Operations Manager, where he oversaw overall plant operations.

In 2012, he was appointed Head of Group Manufacturing Improvement, where he led the implementation of the Toyota Production System (TPS) and Lean Manufacturing practices across the Group's automotive division. He later assumed the role of Head of New Business and Technologies in 2016, during which he spearheaded business development initiatives and regional expansion into markets such as Indonesia and Vietnam, before assuming his current position.

He does not hold any directorships in other public companies and listed issuers Malaysia.

He has no family relationship with any director and/or major shareholder of the Company and does not hold any shares in the Company or its subsidiaries.

AZLAN BIN MOHD ALI

*Director of Operations
(Automotive Carpet Division, Indonesia)*

Azlan bin Mohd Ali, aged 49, male, joined the Group in 2003 and currently serves as Director of Operations, overseeing the operations of the Carpet Division in Indonesia.

He began his career in 2000 with UCM Industrial Corp Berhad in the Automotive R&D division, focusing on air conditioning systems, and later advanced to Lead Engineer. He subsequently joined Grand Carpet Industries Sdn. Bhd. as R&D Executive in 2003 before being transferred to Sugihara Grand Industries Sdn. Bhd., where he served until 2014. From 2014 to 2015, he was General Manager, Business Development Division at DRB-Hicom, attached to Oriental Summit Industries Sdn Bhd. Upon rejoining Sugihara Grand Industries Sdn. Bhd. in 2015, he held the position of Senior Manager, New Product and Business Development, before being assigned to PT Grand Sugihara Techno as Senior Factory Manager in 2019. He was appointed Director of Operations at PT Grand Sugihara Techno in 2025.

He does not hold any directorships in other public companies in Malaysia.

He has no family relationship with any director and/or major shareholder of the Company and does not hold any shares in the Company or its subsidiaries.

Notes to Key Senior Managements' Profile:

1. All of the Key Senior Managements of SMIS are Malaysians.
2. Other than traffic offences (if any), none of the Key Senior Managements of SMIS has any conviction for offenses within the past five (5) years, nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. None of the Key Senior Management of SMIS have any conflict of interest or potential conflict of interest in the Company or its subsidiaries.

MANAGEMENT
**DISCUSSION
AND ANALYSIS**



Management Discussion and Analysis (“MD&A”)

This MD&A should be read together with the audited consolidated financial statements for FY2025. It has been prepared as of 29 April 2026.

The calculations of Earnings Before Interest, Taxes, Depreciation and Amortisation (“EBITDA”), adjusted net income, and adjusted earnings per share presented herein are not measures of performance under Malaysian Financial Reporting Standards or International Financial Reporting Standards. These metrics are used internally by management to facilitate performance comparisons across periods. While some investors and analysts may also find them useful, they may not be directly comparable to similarly titled measures reported by other companies.

Forward-looking statements and outlook expressed in this MD&A are subject to risks and uncertainties, many of which are beyond our control. Actual results may differ materially from those anticipated. These statements reflect management’s current views and expectations as of the date of this MD&A. Readers are advised not to place undue reliance on forward-looking statements. The Group undertakes no obligation to update or revise the information herein except as required by applicable laws and regulations.

OVERVIEW OF THE SMIS GROUP’S BUSINESS AND OPERATIONS

SMIS Group is principally engaged in the manufacturing and trading of automotive carpets, braking components, and, to a lesser extent, industrial spares.

Our products are supplied to Malaysia, Indonesia, and Thailand. Industrial spares and braking components are primarily supplied from Malaysia, while automotive carpets are produced in both Malaysia and Indonesia.

RESULTS FOR THE FY2025

In FY2025, the Group recorded revenue of RM139.6 million, a decline from RM157.2 million in FY2024. Profit before taxation (“PBT”) stood at RM5.7 million, representing a 37.2% decrease compared to RM9.1 million in the prior year. The decline was mainly attributable to weaker sales demand and higher operating costs.

Table A	2025		2024
Years ended 31 December	RM'000	Change	RM'000
Sales			
Automotive	135,607	(11.5%)	153,291
Machinery	3,970	1.6%	3,907
Profit before tax	5,710	(37.2%)	9,093
Profit for the financial year	4,635	(24.0%)	6,101
Profit for the financial year attributable to the owners of the company	3,035	7.6%	2,820
Earnings per share	7.20	7.6%	6.69
EBITDA	11,372	(23.8%)	14,921
Cash balance	45,941	2.0%	45,055

Table A summarises financial results for the Group in FY2025.

Management Discussion and Analysis (“MD&A”)

cont'd

AUTOMOTIVE SEGMENT

Revenue from the Automotive segment (carpets and braking components) fell by RM17.7 million or 11.5% compared to FY2024. Segment PBT decreased to RM4.6 million from RM11.2 million in the prior year, driven by lower sales.

- **Local Carpet Operations:** Revenue declined by RM15.6 million to RM73.1 million (FY2024: RM88.7 million), with PBT at RM6.0 million (FY2024: RM10.9 million). The decrease was primarily due to weaker customer demand.
- **Indonesian Operations:** Revenue fell to RM17.9 million from RM20.9 million in FY2024, resulting in a loss before taxation (“LBT”) of RM0.8 million compared to a PBT of RM0.1 million previously.
- **Braking Components:** Revenue rose slightly by RM0.9 million to RM44.6 million (FY2024: RM43.7 million). However, the segment recorded an LBT of RM0.7 million versus a PBT of RM0.1 million in FY2024, largely due to higher operating costs, including increased labour expenses following Malaysia’s minimum wage adjustment and higher factory rental charges.

INDUSTRIAL SPARES SEGMENT

Revenue from Industrial Spares increased marginally by RM0.1 million to RM4.0 million (FY2024: RM3.9 million). The segment recorded an LBT of RM0.3 million, an improvement from a LBT of RM0.7 million in FY2024, supported by better margins from a favourable product mix.

SEGMENT STRATEGIES AND CHALLENGES

Automotive carpets

Strategy

The Group’s long-term strategy remains focused on leveraging technical and strategic alliances to deliver high-quality, performance-driven products. While maintaining this core approach, the Group is adopting a more selective stance on geographical expansion. In light of global economic uncertainties-including the rise of Chinese automotive brands and geopolitical tensions-the Group will concentrate on existing markets while remaining open to export opportunities. Operational efficiency will be enhanced through process improvements, capacity optimisation, and cost rationalisation to remain competitive.

Challenges

Key challenges include intensifying competition from established players and the rapid growth of Chinese automotive brands. Rising raw material costs and difficulties in attracting and retaining skilled labour in a competitive environment further compound pressure.

Braking Components

Strategy

Having successfully transitioned to a Tier-1 supplier, the segment is now capitalising on opportunities arising from the growth of Electric Vehicles (“EVs”). The Group is pursuing technical partnerships to align machining capabilities with evolving automotive requirements. Collaboration with a new Japanese partner is expected to drive process integration, knowledge transfer, and synergies in technology, skills, and materials sourcing. These initiatives aim to support expansion into new automotive segments and strengthen the Group’s competitive position in the market.

Challenges

Challenges include slower adoption and localisation of braking components by local OEMs, pricing pressures from Chinese imports, and potential cost increases arising from Malaysia’s fuel subsidy rationalisation. While production and logistics costs may rise, consumer demand is expected to remain moderately stable in the near term.

Management Discussion and Analysis (“MD&A”)

cont’d

Industrial Spares

Strategy

The Group’s strategy is to build strategic alliances that deliver value-added solutions to enhance customers’ performance. By balancing supplier collaborations with the identification of niche and innovative products, the Group aims to broaden its industry presence and strengthen earnings.

Challenges

Competition is intensifying as manufacturers and large distributors increasingly bypass traditional channels to sell directly to end-users.

FORWARD-LOOKING AND OUTLOOK

Automotive Carpets and Braking Components

The Group anticipates a challenging operating environment in 2026. The Malaysian Automotive Association (“MAA”) has forecast a decline in Passenger Vehicle Total Industry Volume (“TIV”) to 730,000 units, down from 759,098 units in 2025. Coupled with competitive pressures from lower-cost Chinese brands, demand from local OEMs is expected to remain subdued.

To mitigate these challenges, the Group will prioritise operational efficiency and cost control. Key initiatives include optimising production processes, improving capacity utilisation, and implementing cost rationalisation measures to preserve margins. These efforts aim to support earnings resilience and position the Group to capture new opportunities in a changing market landscape.

Industrial Spares

The outlook for industrial spares remains positive, with a focus on diversification. By collaborating with a wider network of local and international suppliers, the Group is expanding its product portfolio into new industrial segments. This strategy is expected to drive revenue growth while sustaining improved margins achieved through a favourable product mix in FY2026.

SUSTAINABILITY STATEMENT

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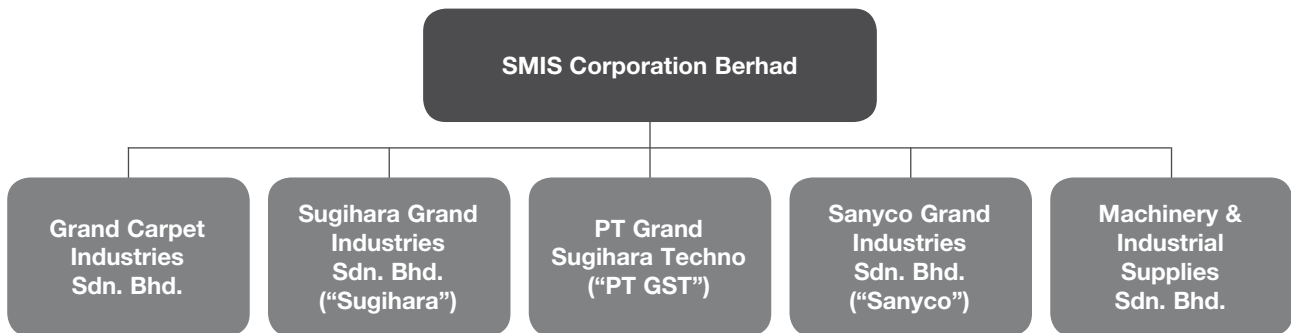
Sustainability Statement

ABOUT THIS STATEMENT

SMIS Corporation Berhad (“**SMIS**”, “**the Group**”, “**we**”, or “**our**”) is pleased to present our Annual Sustainability Statement (“**this Statement**”) for the financial year 2025 (“**FY2025**”). This Statement provides an overview of the Group’s strategies, priorities, targets, and performance in managing sustainability matters.

REPORTING SCOPE AND LIMITS

The Group functions through five (5) key subsidiaries, primarily focused on the manufacturing and trading of automotive parts. This includes carpeting products and braking components for major car assemblers in Malaysia, Thailand, and Indonesia. Additionally, we supply industrial machinery spare parts through our subsidiary, Machinery & Industrial Supplies Sdn. Bhd.



This Statement covers all five (5) subsidiaries and does not extend to other entities within the Group unless otherwise stated. We have aimed to address all significant sustainability issues related to the Group, unless indicated otherwise. The Statement includes both quantitative and qualitative results for the relevant indicators.

This Statement contains forward-looking statements. Information presented in this Statement regarding plans, targets, and expectations is based on reasonable assumptions and current business conditions. Actual outcomes may differ as the Group continues to adapt its strategies and operational decisions in response to evolving risks, opportunities, and changing circumstances.

REPORTING PERIOD

This Statement covers the period from 1 January 2025 to 31 December 2025 (“**the Reporting Period**” or “**FY2025**”). To complete the comprehensive suite of data contained in this statement, some content considers previous years information and data. It also includes historical statistical data for specific disclosures to highlight relevant trends, helping readers to understand the Group’s comparative performance better.

REPORTING FRAMEWORKS AND STANDARDS

This Statement is prepared in accordance with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and relevant sustainability reporting best practices. Where appropriate, the Group has also considered elements of the IFRS Sustainability Disclosure Standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), as adopted under Malaysia’s National Sustainability Reporting Framework (“**NSRF**”).

Greenhouse gas (“**GHG**”) emissions are measured in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The reporting boundary for GHG emissions aligns with the Group’s operational and financial reporting boundaries.

Sustainability Statement

cont'd

INDICATORS SELECTION

The indicators in this Statement were selected and elaborated based on the principles of “materiality, quantitative measurement, balance, and consistency” as described further below, to disclose performance of the material issues. Continuous updates and optimisation of the disclosure indicators will be provided in subsequent reports.

Materiality: SMIS uses the stakeholder engagement mechanism and materiality assessment matrix to identify corporate and social responsibility issues that are material or relevant to the Company and its stakeholders.

Quantitative Measurement: SMIS embodies the quantitative principle by disclosing measurable key performance indicators.

Balance: SMIS presents its work in the environmental, social and governance aspects in a fair and objective manner in this Statement.

Consistency: SMIS has adopted a consistent approach to data disclosure and data comparison across time periods covered by the report, and has noted the changes in statistical methods and key performance indicators.

DATA MEASUREMENT AND METHODOLOGY

Sustainability data and performance indicators are derived from internal records provided by the respective operating entities. The Group has implemented internal processes to collect, validate, and consolidate the relevant sustainability data to ensure reasonable accuracy and reliability. Emission factors are sourced from the UK Department for Energy Security and Net Zero (“**DESNZ**”), Department for Environment, Food & Rural Affairs (“**DEFRA**”) and the Malaysia Energy Statistics Handbook (“**MESH**”), where locally mandated factors are not available. Where estimates or assumptions are required, they are based on reasonable methodologies and the best available information at the time of reporting.

STATEMENT OF ASSURANCE

This Statement has not been subjected to external or internal assurance for FY2025. The information and data disclosed herein have been reviewed by the respective data owners and relevant business divisions to ensure that this Statement presents a fair, balanced, and accurate account of SMIS Corporation Berhad’s sustainability performance, initiatives, and outcomes. The Management team has undertaken a review of the data and disclosures contained in this Statement, which was subsequently presented to and approved by the Board of Directors.

Moving forward, SMIS Corporation Berhad remains committed to strengthening its sustainability reporting practices. The Group will continue to enhance its data management and reporting processes and intends to pursue independent assurance of its Sustainability Statements in future reporting cycles.

Sustainability Statement

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REPORT ACCESS AND FEEDBACK

The online version of this Statement is available for download on the SMIS's official website at www.smis.com.my.

SMIS values stakeholders' feedback on this Statement, including comments, inquiries, and suggestions, as they are essential to enhancing the Group's sustainability strategies, disclosures, and overall performance. The Group remains committed to fostering transparent and constructive stakeholder engagement to support continuous improvement in our sustainability practices and reporting. Stakeholders may direct any feedback, inquiries, or concerns through the following contact details:

SMIS CORPORATION BERHAD

Address : Lot 3, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.
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OUR APPROACH TO SUSTAINABILITY

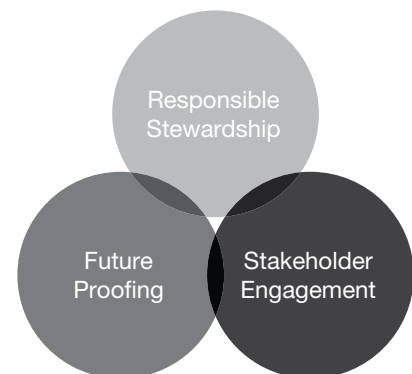
SUSTAINABILITY STRATEGY AND FRAMEWORK STATEMENT

SMIS recognises that long-term value creation depends on the responsible management of economic, environmental, and social factors, underpinned by strong governance. As Malaysia's automotive supply chain continues to evolve, driven by the global transition towards electric vehicles, tightening environmental regulations, and increasing investor expectations. The Group is committed to embedding sustainability into its strategic decision-making and day-to-day operations.

The Group places strong emphasis on the identification and management of sustainability-related risks and opportunities that may affect its business. Through a proactive and structured approach to monitoring material sustainability trends and issues, we aim to enhance business resilience, support informed risk management, and ensure continued adaptability in an evolving operating environment.

The Group's sustainability strategy is organised around three (3) core pillars:

- **Responsible Stewardship** - Managing resources, emissions, and environmental impacts responsibly to protect natural capital and reduce operational risks.
- **Stakeholder Engagement** - Maintaining transparent and constructive relationships with investors, customers, employees, suppliers, communities, and regulators.
- **Future Proofing** - Building resilience against transition and physical risks, embracing innovation, and positioning the Group to capture opportunities in a lower-carbon economy.



These pillars are embedded across key areas of the Group's operations, including product development, innovation, manufacturing processes, human capital management, and supply chain governance. This Statement applies the following standard topic structure throughout each material matter: (i) Why It Matters - including key risks and opportunities; (ii) Management Policies and Processes; (iii) Our Approach; and (iv) Progress and Performance Data.

Sustainability Statement

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ESG PERFORMANCE AND SUSTAINABILITY COMMITMENTS

SMIS Corporation Berhad is firmly committed to Environmental, Social, and Governance (“ESG”) and sustainability agendas, viewing these as essential for the long-term survival of the organisation and for creating a positive impact on all stakeholders.

Pillar	Sustainability Matter(s)		Indicator(s)	Targets	FY2025 Progress
Economic	Product Quality & Safety		Quality and environmental management certifications maintained	Maintain IATF 16949:2016, AS 9100, ISO 9001:2015 & ISO 14001:2015 certifications	IATF 16949:2016, AS 9100, ISO 9001:2015 and ISO 14001:2015 certifications maintained across relevant facilities with no major non-conformances in FY2025.
			Major non-conformances identified in external audits	Maintain zero major non-conformances	Achieved , zero major non-conformances in FY2025.
Environmental	Resource Management	Energy Management	Total energy consumption	Reducing the usage levels of FY2024. SMIS aims to enhance the usage of renewable energy sources, particularly solar power, in FY2025.	On track , reduced to 26,601 GJ in FY2025, a 17.1% year-on-year reduction from restated FY2024 (32,092 GJ) and a 23.6% cumulative reduction from the FY2023 baseline (34,801 GJ), supported by on-site solar PV generation.
		Water	Total volume of water used	Reducing the usage levels of FY2024	Achieved , 15.2% reduction from the FY2023 baseline and a 19.5% reduction from FY2024, exceeding the target of maintaining FY2024 levels.
	Waste Management	Total waste generated		Maintaining at FY2024 levels	Achieved , a 16.3% reduction in total waste generated in FY2025 compared to FY2024, and a 12.8% reduction against the FY2023 baseline of 1,454.58 metric tonnes.
		Total waste directed to disposal			
		Total waste diverted from disposal			
	Emissions Management	Scope 1 emissions in tonnes of CO ₂ e		Maintaining at FY2024 levels	In progress , increased marginally to 189 tCO ₂ e in FY2025, from 181 tCO ₂ e in FY2024, consistent with the slight increase in petrol consumption from fleet activity. Against the FY2023 baseline (193 tCO ₂ e), FY2025 reflects a 2.1% reduction, consistent with a slight increase in petrol consumption from fleet activity.
Scope 2 emissions in tonnes of CO ₂ e		Maintaining at FY2024 levels	Achieved , Scope 2 emissions declined to 4,862 tCO ₂ e in FY2025, a 22.8% reduction from FY2024 (6,295 tCO ₂ e) and a 27.8% cumulative reduction from the FY2023 baseline (6,733 tCO ₂ e), exceeding the target of maintaining FY2024 emission levels.		

Sustainability Statement

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Pillar	Sustainability Matter(s)	Indicator(s)	Targets	FY2025 Progress	
Social	Occupational Safety and Health	Number of work-related fatalities	Maintaining zero work-related fatalities	Achieved	
		Lost time incident rate ("LTIR")	Maintaining zero loss time incident rate	Achieved	
		Number of employees trained on health and safety standards	Maintaining the number of employees trained	Achieved , employees trained on health and safety standards increased to 351 in FY2025, up by 83 from FY2024 (268), exceeding the target of maintaining FY2024 levels. However, FY2025 remains 47 below the FY2023 baseline (398), reflecting a partial recovery following a decline in FY2024.	
	Labour Condition	Labour Practices and Standards	Total hours of training by employee category	Maintaining the number of employee training hours from/at FY2024 levels	Achieved , total training hours increased to 1,073 hours in FY2025, up by 447 hours (71.4%) from FY2024 (626 hours), exceeding the target of maintaining FY2024 training levels. However, FY2025 remains 1,656 hours below the FY2023 baseline (2,729 hours), reflecting a partial recovery following the significant decline in FY2024.
			Total number of employee turnover by employee category	Maintaining the percentage of employee turnover from/at FY2024 levels	Achieved , employee turnover declined to 49 in FY2025, down by 7 from FY2024 (56) and also 7 below the FY2023 baseline (56), meeting the target of maintaining FY2024 turnover levels.
			Number of substantiated complaints concerning human rights violations	Maintaining zero complaints on human rights violations	Achieved , zero complaints on human rights violations.
		Diversity	Percentage of employees by gender and age group, for each employee category	Maintaining the level of employee diversity from/at FY2024 levels	Achieved
			Percentage of directors by gender and age group	Maintaining board diversity levels as per MCCG requirements	Achieved , 40% of the board of directors being woman.
		Communities	Community Engagement	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Maintaining levels of investment from/at FY2024 levels
	Total number of beneficiaries of the investment in communities			Maintaining the number of beneficiaries from/at FY2024 levels	Achieved , total beneficiaries increased to 28 in FY2025, up by 7 from FY2024 (21) and 6 above the FY2023 baseline (22), exceeding the target of maintaining FY2024 beneficiary levels.

Sustainability Statement

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Pillar	Sustainability Matter(s)	Indicator(s)	Targets	FY2025 Progress	
Governance	Ethical Business Practices	Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category	Maintaining 100% awareness training for all employee categories	Achieved
		Anti-Corruption	Percentage of operations assessed for corruption-related risks	Maintaining 100% assessment for all operations	Achieved
		Anti-Corruption	Confirmed incidents of corruption and action taken	Maintaining zero corruption incidents	Achieved
	Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Maintaining zero incidences of data privacy and security breaches	Achieved	
	Procurement Practices	Supply Chain Management	Proportion of spending on local suppliers	Maintaining percentage of distribution at FY2024 levels	Achieved , local supplier spending increased to 67.4% in FY2025, up by 31.6 percentage points from the FY2023 baseline (35.8%) and 30.4 percentage points from FY2024 (37.0%), exceeding the target of maintaining FY2024 distribution levels.

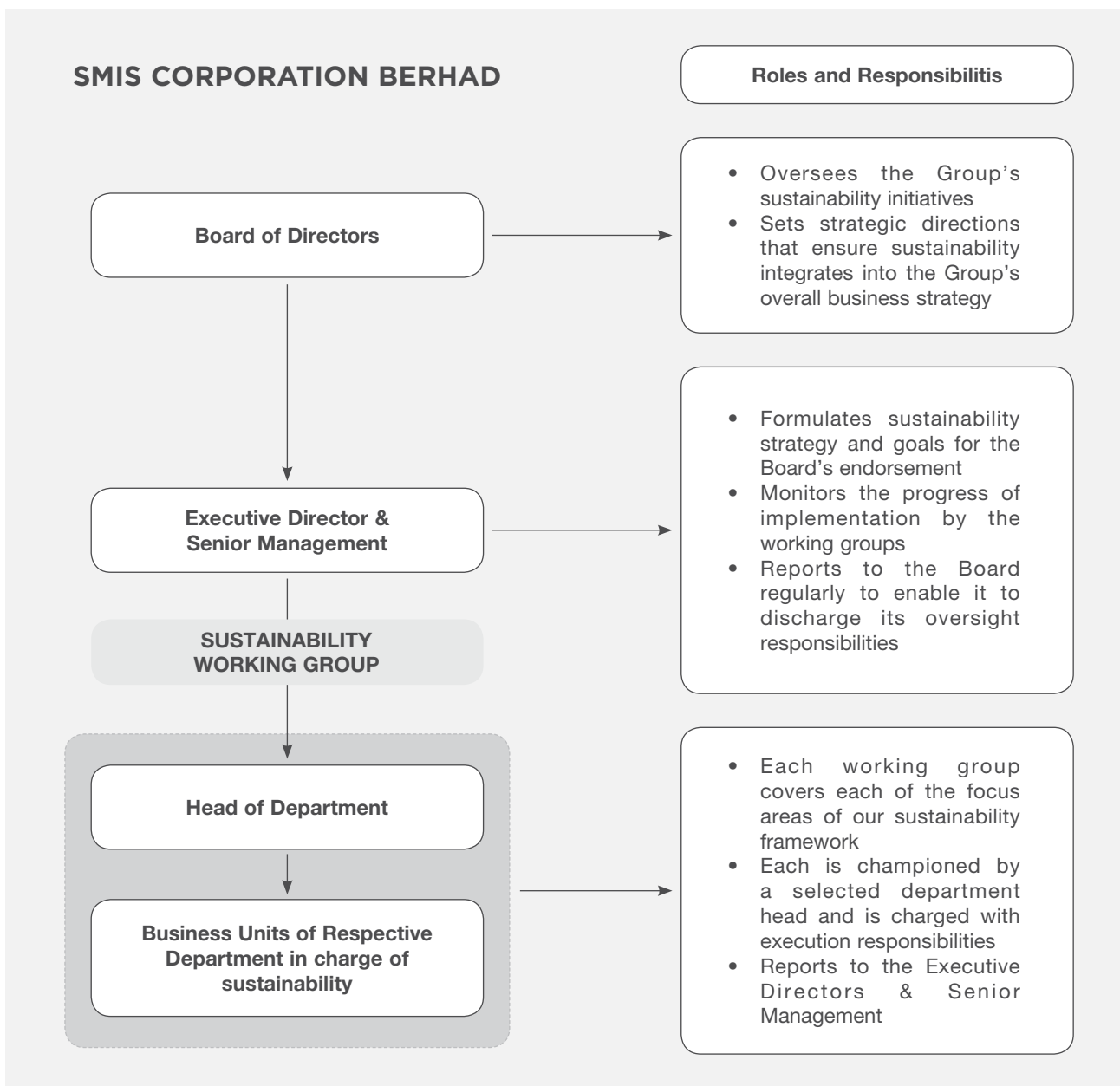
Sustainability Statement

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SUSTAINABILITY GOVERNANCE

The Board of Directors (“the Board” or “the Directors”) of SMIS is dedicated to incorporating sustainability principles into the Company’s strategic vision. We understand the vital role that sustainability factors play in creating long-term value. As stewards of the Company’s interests, the Board sets the strategic directions for all sustainability-related initiatives within the Group, ensuring that sustainability is integrated into the overall business strategy.

These sustainability objectives are then shared with the Executive Committee, led by the Executive Directors and Senior Management, and the Sustainability Working Group (“SWG”), who are responsible for the implementation of the various sustainability initiatives driven.



Sustainability Statement

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STAKEHOLDER ENGAGEMENT

We recognise that the creation of sustainable, long-term value is underpinned by ongoing and meaningful engagement with our stakeholders. The Group's stakeholders, representing diverse industries, geographies and communities, play an integral role in informing the Group's strategic direction and sustainability priorities. Through structured stakeholder engagement, SMIS Group incorporates stakeholder insights to identify material sustainability matters better, manage emerging risks and opportunities, and guide decision-making towards an inclusive and sustainable future.

The Group is committed to adopting a balanced approach to value creation, recognising its responsibility to deliver sustainable value to stakeholders while upholding its corporate and societal obligations. We acknowledge that different stakeholder groups have distinct perspectives and expectations, which inform the Group's engagement approach. Accordingly, the Group employs a range of engagement channels to facilitate effective and timely communication, tailored to the needs of each stakeholder group.

The table below summarises SMIS Group's key stakeholder groups, the key engagement methods, their importance, and the expectations commonly discussed or addressed in our engagement with them.

Why they are important	Key Expectation	Type of Engagement
Local Community		
Our partners in progress, a harmonious relationship with the communities where we operate is key to our social licence to operate	<ul style="list-style-type: none"> Increasing community outreach through our programmes Improving the grievance mechanism for the community Developing and undertaking need-based community projects Creating more employment opportunities within the community 	<ul style="list-style-type: none"> Internship Program Grievance mechanisms Engaging with communities via various community initiatives
Employees		
Our employees are at the centre of all our operations; their collaborative skills and expertise are essential for our growth	<ul style="list-style-type: none"> Improving training on Health, Safety and Environment ("HSE") and other material issues Providing increased opportunities for career growth through internal talent recognition Providing upskilling and career development opportunities Increasing gender diversity 	<ul style="list-style-type: none"> Feedback sessions Performance management systems Various plant-level meetings Event Management Committee and Welfare Committee Establishment of Sports Club
Shareholders, Investors and Lenders		
As providers of capital, they are key to our growth and expansion plans	Consistent disclosure of Economic, Environment, Social performance as per the MMLR of Bursa Securities	<ul style="list-style-type: none"> Regular updates through announcements on Bursa Securities' and corporate website Annual General Meeting Announcements on Quarterly results
Civil Societies		
Collaboration is essential to advocate for and promote sustainable practices	<ul style="list-style-type: none"> Alignment with the global sustainability agenda Commitment to upholding human rights for all 	<ul style="list-style-type: none"> Partnerships with, and membership in, international organisations Working relationships with organisations on specific projects Engagement with international, national, and local Non-Governmental Organisations ("NGOs")

Sustainability Statement

cont'd

Why they are important	Key Expectation	Type of Engagement
Industry (Suppliers, Customers, Peers and Media)		
A positive relationship enables us to raise growth capital in a timely and cost-effective manner	<ul style="list-style-type: none"> • Consistent implementation of the Code of Business Conduct and Ethics • Compliance with environmental and social laws 	<ul style="list-style-type: none"> • Customer satisfaction surveys on development and performance • Vendor scorecards • In-person visits for customers, suppliers, and vendors' meetings
Government		
Key for ensuring compliance, interpretation of regulations and uninterrupted operations	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • Contribution towards the economic development of the nation 	<ul style="list-style-type: none"> • Participation in government consultation programmes • Engagement with national, state, and regional government bodies at both business and operational levels

Materiality Assessment

During FY2024, we undertook a comprehensive internal review of our existing material matters as part of our commitment to strengthening the governance and management of sustainability-related priorities continuously. Through this process, we consolidated several previously identified matters, specifically Energy Consumption, GHG Emissions, Water Management, and Data Protection, into a more streamlined structure. This exercise enabled us to refine the organisation of our sustainability focus areas and to align our key issues into nine (9) material topics. The consolidation ensured greater clarity, operational relevance, and enhanced management oversight of these topics.

The initial assessment process initially identified twelve (12) ESG issues relevant to the Group, each were then evaluated for their impact materiality perspective. Following this evaluation in FY2024, the Group streamlined its sustainability focus to these nine (9) key material matters.

As there have been no significant changes to our business model, stakeholder expectations, operating environment, or risk landscape since the FY2024 comprehensive material matters review exercise, we have determined that the previously identified material ESG matters remain relevant and valid for FY2025. Accordingly, a new materiality assessment was not conducted during this reporting period.

In 2025, the Group's materiality assessment metrics and the materiality matrix have been reviewed and approved by the Board of Directors for guiding the Company's sustainability strategies and actions.

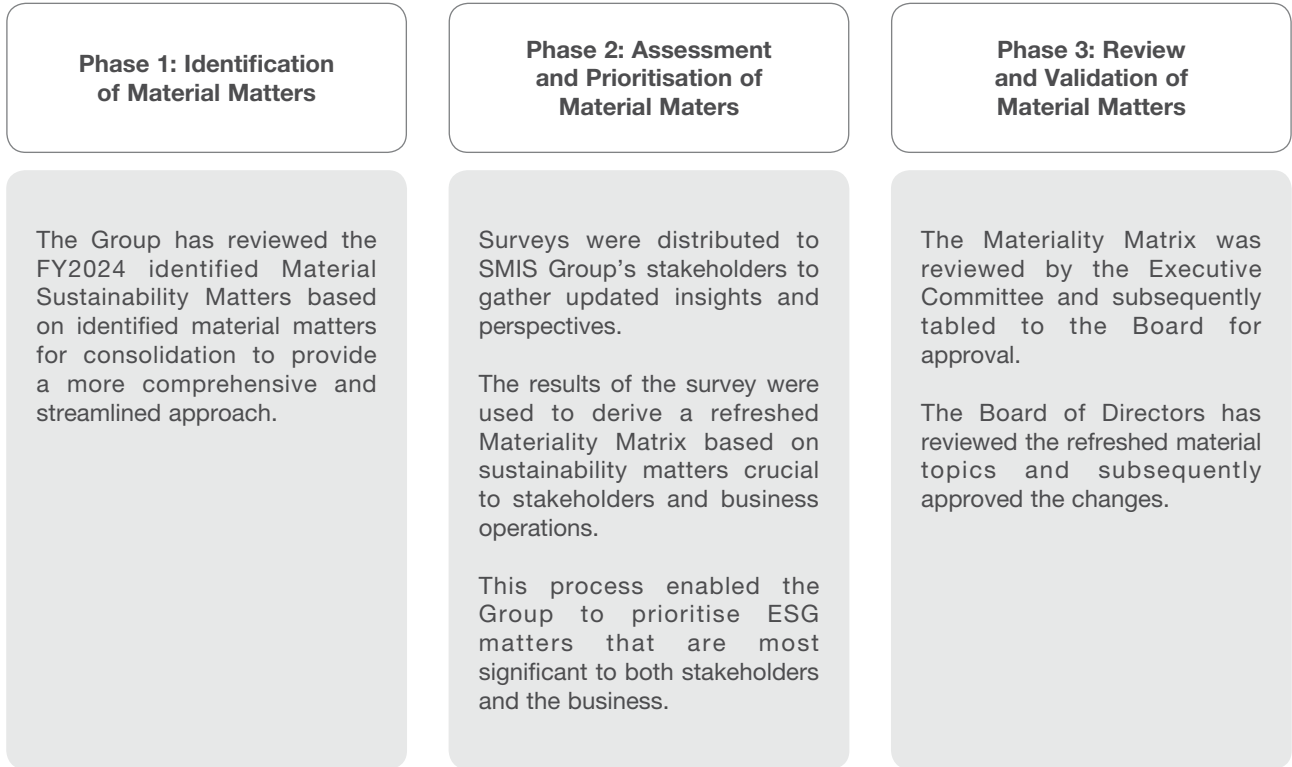
The Group remains committed to managing these material ESG matters through a structured sustainability management strategy and framework. We continue to monitor emerging developments, assess potential risks and opportunities, and strengthen our management approaches to support sustainable business growth and long-term value creation - ensures that our disclosures remain current and useful for decision-making.

Looking ahead, SMIS will be undertaking a comprehensive materiality assessment in the next reporting cycle as part of our preparations for the adoption of the International Sustainability Standards Board ("ISSB"). This upcoming assessment will enable us to deepen our understanding of material impacts, risks, and opportunities across our value chain and further enhance the alignment of our reporting with global sustainability disclosure expectations.

Sustainability Statement

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Below, we outline our materiality assessment process:



The table below illustrates the classification of the Group’s Materiality Matters following the revalidation process.

Our Focus Areas			
Economic	Environmental	Social	Governance
Product Quality and Safety	Resource Management	Occupational Safety and Health	Ethical Business Practices
	Waste Management	Communities	Procurement Practices
	Emissions Management	Labour Conditions	

Sustainability Statement

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Materiality Matrix

The Group's Materiality Matrix for FY2025 is presented in the graph below:



ECONOMIC

Product Quality & Safety

Why It Matters

Product quality and safety are fundamental to SMIS Group's long-term commercial resilience and stakeholder trust. As a manufacturer of automotive components and industrial solutions serving Original Equipment Manufacturers ("OEMs") and clients across Malaysia, Indonesia, and Thailand, any lapse in product quality or safety compliance carries material consequences including product defects, operational disruptions, regulatory non-compliance, reputational damage and supply chain disruption. Conversely, strong quality management systems enhance operational efficiency, reduce risks, and create opportunities for market expansion.

Risks	Opportunities
<ul style="list-style-type: none"> Non-conformance with quality standards may result in product recalls, warranty claims, or loss of OEM contracts. Failure to maintain internationally recognised certifications could impair market access and erode confidence among industrial and aerospace clients. Environmental non-compliance, particularly in manufacturing processes, may expose the Group to regulatory penalties and affect operational continuity. 	<ul style="list-style-type: none"> Maintaining rigorous quality systems positions SMIS Group as a preferred supplier to demanding OEMs and global industrial clients. Continual improvement in product safety and environmental performance supports expansion into higher-value market segments, including aerospace. Strong IATF, AS and ISO certification portfolios reinforce competitive differentiation and build long-term partner and supplier confidence.

Sustainability Statement

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Management Policies

The Group is committed to maintaining robust management systems aligned with internationally recognised standards, including those issued by the International Organisation for Standardisation (“ISO”), the International Automotive Task Force (“IATF”), and aerospace quality frameworks (“AS”). These standards establish a structured framework within which policies, procedures, and performance objectives are defined, monitored, and reviewed.

Standard/Certification	Scope
IATF 16949:2016	Automotive Quality Management System
AS 9100	Aerospace Quality Management System
ISO 9001:2015	Quality Management System (“QMS”)
ISO 14001:2015	Environmental Management System (“EMS”)

These policies emphasise:

- Compliance with applicable regulatory and industry requirements
- Continuous improvement in product quality, safety, and environmental performance
- Adoption of risk-based thinking across operations
- Strengthening governance and accountability at all levels

These certifications are maintained through regular surveillance audits and recertification cycles conducted by accredited external bodies. The certification scope covers the Group’s manufacturing facilities and extends to relevant service operations across its automotive and industrial solutions businesses.

The Group’s adherence to these standards reinforces confidence in its products and services while strengthening trust among the OEMs, industrial clients, partners, and suppliers.

SMIS Group’s policy commitment is clear: every product and service delivered to customers must meet the highest applicable standards of quality, safety, and reliability - without exception.

Our Approach

Quality Control and Assessment

The Group operates a structured programme of quality control checks designed to verify the conformity of products, systems, and processes against established industry benchmarks. Regular internal audits are conducted at relevant facilities to identify non-conformances, drive corrective actions, and sustain a culture of operational excellence. These are supplemented by external audits carried out by accredited certification bodies, providing independent assurance of the Group’s adherence to its certified management systems.

Quality control extends across the full value chain - from incoming material inspection through to in-process checks and final product validation - ensuring that every stage of production meets the Group’s stringent quality benchmarks before products reach customers.

High Standards of Product Safety

Product safety is treated as a non-negotiable quality attribute across all of the Group’s industrial and automotive operations. SMIS Group’s approach integrates safety considerations into product design, manufacturing processes, and operational practices, ensuring compliance with all relevant regulatory and customer-specified requirements.

The Group’s certified management systems provide the institutional framework for embedding safety discipline across operations. Compliance with IATF 16949:2016 and AS 9100 ensures that safety-critical requirements specific to automotive and aerospace supply chains are systematically addressed, while ISO 14001:2015 ensures that the environmental dimensions of manufacturing safety are managed within a structured Environmental Management System.

Sustainability Statement

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Progress

During the reporting period, SMIS Group maintained all key quality and environmental management system certifications across its operations, reflecting the Group's consistent adherence to internationally recognised standards.

Key achievements for the reporting period include:

- Continued maintenance of IATF 16949:2016, ISO 9001:2015, ISO 14001:2015, and AS 9100 certifications across relevant facilities.
- Completion of scheduled internal and external surveillance audits with no major non-conformances recorded.
- Sustained deployment of quality control and assessment processes across automotive and industrial solutions operations in Malaysia, Indonesia, and Thailand.

As the Group enters its next reporting cycle, it remains committed to strengthening the robustness of its quality management systems, deepening operational excellence, and progressively enhancing the quality and safety performance data disclosed to stakeholders.



ENVIRONMENTAL

Resource Management

Energy Management

Why It Matters

Energy consumption is a material cost and environmental driver for the SMIS Group. As a manufacturing-intensive group, electricity, predominantly sourced from Malaysia's national grid powers the machinery central to our operations, spanning the production of automotive braking and motorcycle components, industrial machinery parts, and carpeting products and constitutes the primary source of our Scope 2 GHG emissions. Responsible energy management reduces operating costs, lowers the Group's carbon footprint, and supports alignment with Malaysia's net-zero aspirations, Bursa Securities's sustainability disclosure requirements and customer-driven ESG expectations.

In line with our ongoing commitment to sustainability, we remain vigilant in tracking and managing the resources consumed across our day-to-day manufacturing processes. We are determined to consistently monitor our emissions to better control our environmental footprint while supporting the Group's long-term goals of responsible production and continuous operational improvement.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> • Rising energy prices and grid tariff increases may compress operating margins, particularly for energy-intensive manufacturing processes. • Increasing carbon pricing and regulatory requirements for emissions disclosure may expose the Group to compliance obligations and reputational risk if energy management is inadequate. • Dependence on grid electricity creates exposure to grid carbon intensity and supply reliability risks. 	<ul style="list-style-type: none"> • The Group's RM2.6 million green financing facility, secured for solar panel installation at the Sugihara Port Klang and Sendayan plants, will progressively reduce purchased electricity demand and Scope 2 emissions. LED lighting upgrades and ongoing efficiency measures create recurring cost savings. • Adoption of renewable energy supports compliance with OEM supply chain sustainability requirements and enhances access to green financing instruments.

Sustainability Statement

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Management Policies and Processes

The Group's energy management approach is governed by its ISO 14001:2015-certified Environmental Management System, which requires periodic energy audits, setting of consumption targets, and implementation of energy-saving initiatives. Progress against energy targets is monitored and reported to management.

Our Approach

SMIS's energy consumption is primarily driven by electricity sourced from the national grid, powering manufacturing machinery across its plants. Petrol is consumed for vehicle operations, including transportation, deliveries and other business-related activities. The consumption of petrol is directly linked to the distance travelled and the operational needs of the fleet. During the period under review, the Group progressed two (2) notable energy efficiency initiatives:

- **LED Retrofitting:** Fluorescent lighting has been replaced with energy-efficient LED fixtures across production floors and office spaces, delivering a measurable reduction in electricity consumption.
- **Solar Power Installation:** Solar panels were installed at the Sugihara Port Klang and Sendayan plants in Q4 2024 under a green financing scheme of RM2.6 million, leveraging government incentives including tax credits and favourable financing terms. Increased renewable energy generation from these installations is expected to reduce grid electricity consumption progressively from FY2025 onwards.

Progress

In FY2024, total energy consumption was revised to 32,092 GJ from the previously reported 31,986 GJ, following a correction to the petroleum product conversion methodology to more accurately reflect the nature of the fuel consumed. This restatement has no impact on the directional trend or the Group's management approach.

Across the three-year period, SMIS has achieved a sustained reduction in total energy consumption from 34,801 GJ in FY2023 to 32,092 GJ in FY2024 (restated) and 26,601 GJ in FY2025, representing a 23.6% cumulative reduction from the FY2023 baseline. This trajectory reflects the combined effect of the LED lighting retrofit programme, the commissioning of solar PV installations at the Sugihara Port Klang and Sendayan plants in Q4 2024, and ongoing operational efficiency improvements.

Net electricity consumption declined significantly to 6,570,444 kWh in FY2025, from 8,133,645 kWh in FY2024 and 8,881,970 kWh in FY2023, representing a 19.2% year-on-year reduction and a 26.0% reduction from the FY2023 baseline. The electricity figure for FY2025 represents net purchased electricity from the grid after offsetting solar energy exported to Tenaga Nasional Berhad ("TNB") under a net metering arrangement. The solar PV installations at the Sugihara Port Klang and Sendayan plants, commissioned in Q4 2024, have enabled the Group to generate renewable energy on-site, with surplus generation sold back to TNB, directly reducing the Group's net grid electricity dependence and associated energy costs.

Petrol consumption increased marginally to 91,132 litres in FY2025 from 86,913 litres in FY2024 and 84,330 litres in FY2023, consistent with modest growth in fleet activity supporting the Group's expanded operations.

Sustainability Statement

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Energy intensity improved to 0.01196 GJ per production unit in FY2025, from 0.01401 GJ per production unit in FY2024 and 0.01416 GJ per production unit in FY2023, representing a year-on-year 14.6% improvement and a 15.5% improvement from the FY2023 baseline. This demonstrates that the Group's energy efficiency gains are outpacing production volume growth.

Energy Consumption	Unit	FY2023	FY2024			FY2025
			Before	After	Variance	
Electricity	kWh	8,881,970	8,133,645	-	-	6,570,444
Petrol	Litres	84,330	86,913	-	-	91,132
Total Energy Consumption	GJ	34,801	31,986	32,092	106 (0.2%)	26,601
Energy Intensity	GJ/production unit	0.01416	0.01401	0.01401	-	0.01196

Notes:

- Electricity figures represent net purchased electricity from the national grid after offsetting solar energy exported to TNB under a net metering arrangement.
- Total energy consumption is calculated using the Methodology from the Malaysia Energy Statistics Handbook 2023 ("MESH") (Petrol: 1 Litre = 0.032 GJ) and total electricity consumption (1MWh = 1,000kWh; 1kWh = 0.0036 GJ), typical Conversion Factors as per IPCC and IEA.
- FY2024 total energy has been restated from 31,986 GJ to 32,092 GJ following a correction from the "Residual Fuel Oil" to the "Motor Gasoline" conversion coefficient for petrol, in accordance with MESH 2023.

Water Management

Why It Matters

Effective water management protects the shared water resources on which SMIS's operations, local communities, and downstream ecosystems depend. Our manufacturing processes consume piped water primarily for cooling and utility purposes. Reducing freshwater consumption, preventing contamination, and ensuring that all process water is treated prior to discharge form part of the Group's core environmental commitments.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Unresolved infrastructure issues (e.g., water fixture leaks) may cause unplanned consumption spikes and operational disruption, as experienced in FY2024. Potential water scarcity in Malaysia due to climate change and population growth may constrain availability and increase tariffs for industrial users. Non-compliance with water discharge regulations could trigger regulatory action and reputational damage. 	<ul style="list-style-type: none"> Water recycling and rainwater harvesting initiatives reduce dependence on utility supply and lower operating costs. Zero-discharge operating policy eliminates wastewater management liability and demonstrates environmental leadership. Efficient water management enhances the Group's environmental credentials with OEM customers and investors.

Management Policies and Processes

The Group's water management policy is governed by the ISO 14001:2015 Environmental Management System and requires compliance with all applicable water-related legislation. All facilities operate under a zero-water-discharge policy. Ground and surface water quality at plant boundaries are monitored regularly.

Our Approach

Water stewardship measures implemented across the Group include: water recycling and reuse in applicable manufacturing processes; rainwater harvesting at select facilities, use of water-efficient fixtures and technologies, and regular monitoring and maintenance of water infrastructure to prevent leaks and wasteful usage.

Sustainability Statement

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Progress

In FY2024, total water consumption increased from 25,944 m³ (FY2023) to 27,341 m³, primarily due to a water fixture defect at the Sugihara Port Klang plant which resulted in an extended period of elevated usage. The issue was fully resolved in January 2025. In FY2025, water consumption declined to 22,009 m³, representing a 15.2% reduction from the FY2023 baseline and a 19.5% reduction from FY2024, reflecting both the resolution of the fixture issue and the effectiveness of ongoing water efficiency measures.

Water intensity improved to 0.00990 m³ per production unit in FY2025, from 0.01197 m³ per production unit in FY2024 and 0.01052 m³ per production unit in FY2023, representing a 17.3% year-on-year improvement and a 5.9% improvement from the FY2023 baseline. This demonstrates that water efficiency gains have more than offset any growth in production activity.

Water Consumption	Unit	FY2023	FY2024	FY2025
Total Water Consumed	Cubic meter (m ³)	25,944	27,341	22,009
	Megalitres (ML)	25.94	27.34	22.01
Water Intensity	m ³ /production unit	0.01052	0.01197	0.00990

Waste Management

Why It Matters

SMIS's manufacturing operations generate solid waste, including metal scraps (aluminium, copper, iron and steel) and general operational waste. Responsible waste management reduces environmental liabilities, supports resource circularity, and demonstrates operational discipline to customers, regulators, and investors.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Improper waste segregation or disposal could result in regulatory penalties or reputational harm, particularly under the Environmental Quality Act 1974. Increases in waste generation linked to higher production volumes may increase disposal costs and environmental impact if not managed proactively. 	<ul style="list-style-type: none"> Recovery and sale of recyclable metal scraps (aluminium, copper, iron and steel) generate revenue and reduce waste sent to landfill. A structured waste reduction programme aligned with the 5Rs framework (Reduce, Reuse, Recycle, Replace and Remove) supports waste intensity improvement and signals operational efficiency.

Management Policies and Processes

The Group's waste management policy is anchored in the 5Rs principle: Reduce, Reuse, Recycle, Replace, and Remove. Waste management forms an integral component of the Group's ISO 14001:2015 Environmental Management System. A formal waste management plan sets out segregation protocols for recyclable materials and the responsible disposal of residual waste through licensed contractors.

Our Approach

Metal scraps generated from manufacturing including aluminium, copper, iron, and steel, are segregated at source and directed to licensed recyclers wherever possible. The Group continuously reviews its production processes to identify further opportunities to reduce waste generation at source. Staff are trained on waste segregation practices, and regular audits are conducted to verify compliance.

Sustainability Statement

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Progress

In FY2025, total waste generated reduced to 1,268.53 metric tonnes, representing a 16.3% reduction from the FY2024 level of 1,515.32 metric tonnes and a 12.8% reduction from the FY2023 baseline of 1,454.58 metric tonnes. Waste directed to disposal also declined to 1,181.38 metric tonnes from 1,432.35 metric tonnes in FY2024 and 1,366.33 metric tonnes in FY2023, reflecting improved waste reduction and recycling practices. Waste diverted from disposal (metal scraps) amounted to 87.15 metric tonnes in FY2025, broadly consistent with prior years.

Water Consumption	Unit	FY2023	FY2024	FY2025
Total Waste Generated	Metric Tonnes (MT)	1,454.58	1,515.32	1,268.53
Total Waste Diverted from Disposal	Metric Tonnes (MT)	88.25	82.97	87.15
Total Waste Directed to Disposal	Metric Tonnes (MT)	1,366.33	1,432.35	1,181.38

Emissions Management

Why It Matters

GHG emissions from SMIS's operations contribute to climate change and represent a growing area of regulatory scrutiny, customer due diligence, and investor assessment. As Bursa Securities progressively aligns its sustainability reporting requirements with ISSB Standards, comprehensive and credible emissions disclosure and a trajectory of reduction will be essential for maintaining market access and investor confidence. The Group's current emissions profile is dominated by Scope 2 (grid electricity); the solar PV installations represent a strategic response to this exposure.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Regulatory and investor pressure for emissions reduction could increase compliance costs if the Group does not demonstrate a credible decarbonisation trajectory. Scope 2 emissions are directly linked to grid carbon intensity; any increase in the national grid's carbon factor would increase the Group's reported emissions without a change in electricity consumption. Failure to disclose credible Scope 3 data may become a source of competitive disadvantage as OEM customers' supply chain decarbonisation requirements intensify. 	<ul style="list-style-type: none"> Solar panel installations at Sugihara Port Klang and Sendayan plants will progressively reduce Scope 2 emissions, improving the Group's reported GHG intensity and demonstrating alignment with Malaysia's net-zero aspirations. Operational efficiency improvements (LED upgrades and automation) simultaneously reduce energy costs and absolute emissions. Early progress on Scope 1 and Scope 2 reduction positions SMIS advantageously ahead of anticipated mandatory ISSB/NSRF-aligned disclosures.

Management Policies and Processes

The Group measures and reports its GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions arise from petrol combustion in the vehicle fleet while Scope 2 emissions arise from purchased electricity. Scope 1 vehicle emission factors are sourced from the UK DESNZ and DEFRA Conversion Factors. Scope 2 emissions reflect purchased electricity consumption and are reported on both a location-based and market-based basis. Location-based emissions are calculated using the Malaysia Grid Emission Factor published by Suruhanjaya Tenaga, applying the 2017-2022 factor to FY2024 data and the provisional 2022-2024 factor to FY2025 data. Market-based Scope 2 emissions are reported as zero, as the Group does not currently hold renewable energy certificates or power purchase agreements.

Sustainability Statement

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Our Approach

The Group's primary decarbonisation actions in the period covered by this Statement and the preceding year include: (i) the installation of solar panels at two (2) key manufacturing sites (Sugihara Port Klang and Sendayan plants) in Q4 2024, directly reducing the Group's net purchased electricity from the grid. Building on this, Sanyco completed its own solar panel installation in Q4 2025, further expanding the Group's renewable energy capacity across its manufacturing footprint; (ii) the replacement of fluorescent lighting with LED alternatives across production and office spaces; and (iii) the ongoing review of fleet petrol consumption to identify route and vehicle optimisation opportunities. The Group intends to expand its Scope 3 data collection as part of its preparations for ISSB-aligned reporting.

Progress

In FY2024, total GHG emissions (Scope 1 + Scope 2) decreased by 449 tCO₂e to 6,476 tCO₂e, compared to 6,925 tCO₂e in FY2023. The decline was driven primarily by reduced electricity consumption, which lowered Scope 2 emissions from 6,733 to 6,295 tCO₂e. Scope 1 emissions also declined from 193 to 181 tCO₂e, reflecting slightly lower petrol consumption in that year.

In FY2025, total GHG emissions declined further to 5,051 tCO₂e, a reduction of 1,425 tCO₂e (22.0%) from FY2024 and a cumulative reduction of 1,874 tCO₂e (27.1%) from the FY2023 baseline. This significant improvement is primarily attributable to the reduction in net purchased electricity following the commissioning of solar PV installations at the Sugihara Port Klang and Sendayan plants. Surplus solar energy exported to TNB has directly reduced the Group's grid electricity dependence and associated Scope 2 emissions.

Scope 2 emissions declined to 4,862 tCO₂e in FY2025, a 22.8% reduction from 6,295 tCO₂e in FY2024 and a 27.8% reduction from 6,733 tCO₂e in FY2023. Scope 1 emissions increased marginally to 189 tCO₂e in FY2025, from 181 tCO₂e in FY2024, consistent with the slight increase in petrol consumption from fleet activity noted in the Energy Management section.

GHG Emissions Scopes	Unit	FY2023	FY2024			FY2025
			Before	After	Variance	
Total Scope 1¹ - Direct GHG Emissions	tCO ₂ e	193	182	181	-1 (-0.3%)	189
Total Scope 2² - Indirect GHG Emissions	tCO ₂ e	6,733	6,295	-	-	4,862
Purchased Electricity (Location-based)	tCO ₂ e	6,733	6,295	-	-	4,862
Purchased Electricity (Market-based)	tCO ₂ e	-	-	-	-	-
Total GHG Emissions	tCO ₂ e	6,925	6,477	6,476	-1 (-0.01%)	5,051

Notes:

- Scope 1 factors are using the conversion factor retrieved from MESH and Department for Energy Security and Net Zero, UK ("DESZN"). The FY2024 Scope 1 figure has been restated from 182 tCO₂e to 181 tCO₂e following the correction of a petrol net calorific value ("NCV") methodology error identified during the FY2025 reporting cycle. The restated figure is used as the FY2024 comparative baseline throughout this statement.
- Scope 2 factors for 2023 and 2024 are using the conversion factor retrieved from Malaysia Grid Emission Factor (2017-2022) ("GEF"), which represents the most recent available factor at the time of reporting. While 2025 used conversion factor from Malaysian Grid Emission Factor (2022-2024) (provisional), published via MyEnergyStats, sourced from the Malaysia Energy Information Hub ("MEIH") managed by the Energy Commission of Malaysia. Electricity figures used for Scope 2 calculation represent net purchased electricity from the grid after offsetting solar energy exported to TNB.

Sustainability Statement

cont'd



SOCIAL

Occupational Safety and Health

Why It Matters

A safe and healthy workforce is a non-negotiable foundation of SMIS’s operational integrity and social responsibility. As a manufacturing group, the Group’s employees are exposed to machinery, noise, and other operational hazards on a daily basis. Preventing workplace injuries and occupational illnesses protects employees, sustains productivity, avoids legal and reputational consequences, and builds the organisational trust necessary for sustained performance.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Workplace incidents including lost time injuries, occupational illnesses, or fatalities expose the Group to legal liability, reputational damage, and productivity loss. Inadequate OSH training or risk assessment may lead to non-compliance with the Occupational Safety and Health Act 1994 (Safety and Health Committee) regulations 1996 and other applicable regulations. High noise exposure and ergonomic hazards in manufacturing environments pose long-term health risks if not effectively managed. 	<ul style="list-style-type: none"> A strong safety culture and zero-harm record enhance SMIS’s standing as an employer of choice, supporting talent attraction and retention. Proactive OSH risk management reduces the likelihood of operational disruptions and insurance costs. Demonstrable safety performance supports compliance with OEM supply chain audits and quality standards.

Management Policies and Processes

The Group’s OSH strategy is governed by its internal HSE Rules and Regulations, which form part of the Employee Handbook and are communicated to all employees upon engagement. The HSE framework commits the Group to compliance with applicable OSH laws and regulations, proactive risk management and resource allocation for hazard prevention, structured OSH training and awareness programmes, periodic safety inspections, and thorough investigation of all incidents to prevent recurrence. The Group’s OSH approach is guided by the principle of achieving a zero-harm workplace.

The Group’s internal HSE Rules and Regulations set out key commitments, including:

- Complying with all applicable laws and regulations related to HSE.
- Including safety and health policy in the Employees’ Handbook and briefing the employees accordingly.
- Managing HSE risks and allocating reasonable resources to preventing HSE-related incidents and accidents.
- Providing HSE training and knowledge to employees.
- Installing fire preventive equipment in all the Group’s plants.
- Conducting periodic safety and health inspections.
- Investigating and reporting any accident, illness or other dangerous occurrences with corrective actions implemented to prevent recurrence.
- Ensuring that employees, customers, contractors, business partners and third parties such as suppliers of goods and services comply with all applicable laws and regulations related to HSE in their dealings with SMIS.

Sustainability Statement

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Our Approach

OSH Risk Assessment

The Group conducts comprehensive OSH risk assessments across all identified high-risk work environments. The assessments include noise pollution evaluations - resulting in the provision of hearing protection equipment, ergonomic reviews, and hazard identification at workstations and in material handling areas. Walkways are clearly demarcated and dedicated storage areas are in place across all plants. Workers are empowered to decline tasks they reasonably believe may compromise their own safety or that of their colleagues.

As a Group, we do not have employees involved with work associated with high incidences or elevated risks of accidents and/or health issues. To mitigate health and safety risks, we have implemented the following initiatives:

Providing personal protective equipment to employees

Maintaining close supervision by our line leaders and supervisors

Ensuring competent personnel handle key machinery and equipment

OSH Training

Regular OSH training is provided to all employees, encompassing both external programmes and internal awareness sessions. New employees receive safety and health training within three (3) months of joining, with refresher training conducted at least every three (3) years. Training covers applicable legal requirements, machinery safety, emergency response, noise protection, and the reporting of unsafe conditions. In FY2025, 351 employees received health and safety training, up from 268 in FY2024, in line with the increase in the Group's headcount.

Our training includes both external and internal programs that covers:

Fire Safety

Electrical Safety

Forklift Training

Road Safety

Machine Guarding

Hazard Identification & Risk Assessment

Progress

SMIS maintained a zero-harm record for the third (3rd) consecutive year in FY2025, with no work-related fatalities, lost time incidents, or recordable LTIR. This consistent track record reflects the Group's embedded safety culture, the effectiveness of its risk assessment and training programmes, and the commitment of frontline employees to safe working practices.

OSH Performance	Unit	FY2023	FY2024	FY2025
Number of Work-Related Fatalities	Number	0	0	0
Number of Lost Time Incidents	Number	0	0	0
LTIR	Rate	0	0	0
Number of Employees Trained on Health and Safety Standards	Number	398	268	351

Sustainability Statement

cont'd

Community Engagement

Why It Matters

A business's ability to operate sustainably depends, in part, on the goodwill and support of the communities where it operates. SMIS's manufacturing facilities operate within residential and mixed-use industrial zones; maintaining a positive social licence to operate is therefore both a moral obligation and a business imperative. By investing in community education and support programmes, SMIS strengthens community relationships and contributes to the social and economic wellbeing of its immediate operating environment.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Community grievances arising from noise, air quality, or other operational impacts may affect the Group's social licence to operate. Limited community investment may result in adverse perceptions of the Group and affect talent recruitment from the local community. 	<ul style="list-style-type: none"> Targeted community programmes, such as the Academic Excellence Award, build positive relationships and reinforce SMIS's identity as a responsible corporate citizen. Internship and employment programmes create pathways for local talent and build a pipeline of trained workers familiar with the Group's operations.

Management Policies and Processes

The Group's community engagement activities are coordinated through the Sustainability Working Group, with oversight from the Executive Committee. Community initiatives are guided by a needs-based approach that prioritises education, youth development, and direct community impact. Expenditure on community investment is tracked and reported annually.

Our Approach

SMIS's community engagement focuses on education and youth support. The Group's Academic Excellence Award programme recognises and celebrates the outstanding academic achievements of employees' children, with the objective of inspiring educational aspiration and demonstrating the Group's commitment to the families of its workforce. SMIS also provides internship opportunities to students from local institutions, supporting skills development and offering a pathway to employment in support of sustainable development.

Progress

SMIS Group continued its commitment to community investment in FY2025, maintaining and building on the initiatives established in prior years. The Group organised the Academic Excellence Award programme for the second (2nd) consecutive year in FY2025, recognising and celebrating the outstanding academic achievements of employees' children. The programme reflects the Group's belief that investing in the next generation through recognising and rewarding educational excellence, creates lasting social value that extends beyond the workplace and into the families and communities the Group serves. By honouring high-achieving students, SMIS aims to inspire a culture of learning and ambition among the children of its workforce, supporting their aspirations and paving the way for a brighter future.

Sustainability Statement

cont'd

Academic Excellence Award



Community investment increased to RM12,400 in FY2025, up from RM8,650 in FY2024, with the number of beneficiaries growing from 21 to 28, reflecting the Group's strengthened commitment to community engagement year-on-year.

Sustainability Statement

cont'd

Charity for Hope & Love



Community Investment	Unit	FY2023	FY2024	FY2025
Total Amount Invested in the Community Where the Target Beneficiaries Are External to SMIS	RM	9,500	8,650	12,400
Total Number of Beneficiaries of the Investment in Communities	Number	22	21	28

Sustainability Statement

cont'd

Labour Conditions

This section addresses the Group's management of its most important asset, its people. SMIS's approach to labour conditions encompasses fair employment practices, diversity and inclusion, employee development, and holistic employee wellbeing. Given the complementary and interdependent nature of these topics, human resources management and employee wellbeing have been consolidated within a single, integrated narrative, reflecting the Group's philosophy that a fair, safe, and supportive workplace is the foundation for both individual fulfilment and organisational performance.

Why It Matters

With approximately 410 employees across its operations, SMIS's workforce is its primary operational and competitive asset. Attracting, retaining, and developing skilled employees while maintaining fair, inclusive, and safe working conditions directly affects the Group's production quality, operational continuity, and innovation capacity. In an increasingly competitive talent market, employee wellbeing and development are also critical to SMIS's ability to maintain a stable headcount.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> High employee turnover, particularly among skilled manufacturing staff increases recruitment and training costs and disrupts operational continuity. Non-compliance with labour laws and human rights standards may expose the Group to regulatory penalties, reputational damage, and loss of OEM contracts. Insufficient investment in upskilling may leave the workforce underprepared for automation and product technology changes driven by EV transition. Inadequate wellbeing support may contribute to productivity loss, absenteeism, and an unsupportive workplace culture. 	<ul style="list-style-type: none"> A well-trained and engaged workforce underpins consistent quality performance and supports continuous improvement culture. Automation and skills development create opportunities for productivity improvements and career progression for existing employees. Competitive compensation and wellbeing benefits support talent retention and reduce turnover costs. An inclusive and diverse workplace attracts broader talent pool and improves decision-making quality.

Management Policies and Processes

SMIS's labour conditions are governed by the Group's Employee Handbook, which incorporates its Code of Conduct, safety and health policies, and Personal Data Protection Act 2010 ("PDPA") requirements. The Group strictly adheres to the Employment Act 1955 and all applicable labour legislation. Employment practices are guided by the principles of equality, non-discrimination, freedom of association, and the prohibition of forced and child labour. The Group's Diversity Policy promotes inclusivity across all dimensions including gender, age, ethnicity, and nationality, in alignment with the Malaysia Code on Corporate Governance ("MCCG") and the MMLR of Bursa Securities.

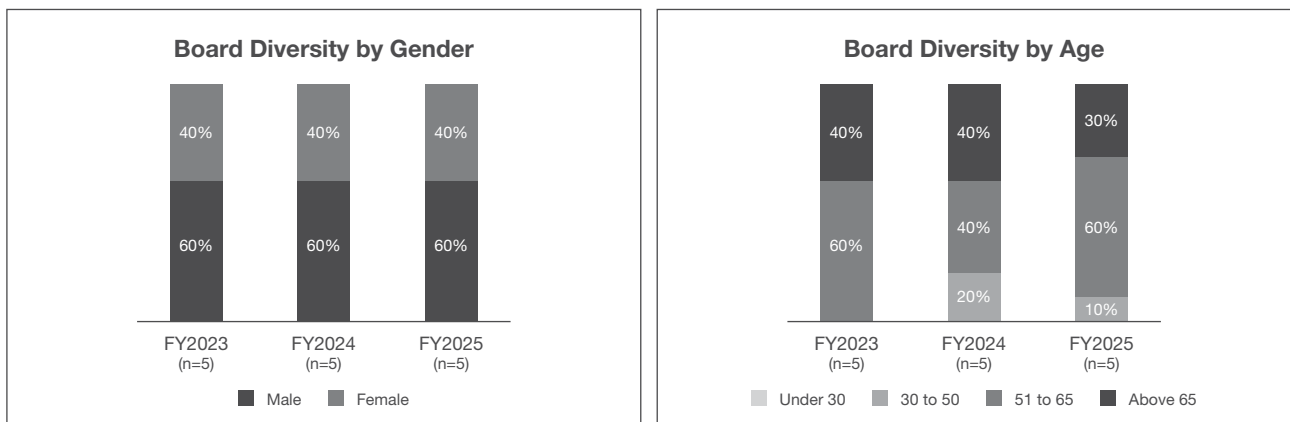
Sustainability Statement cont'd

Our Approach and Progress

Diversity

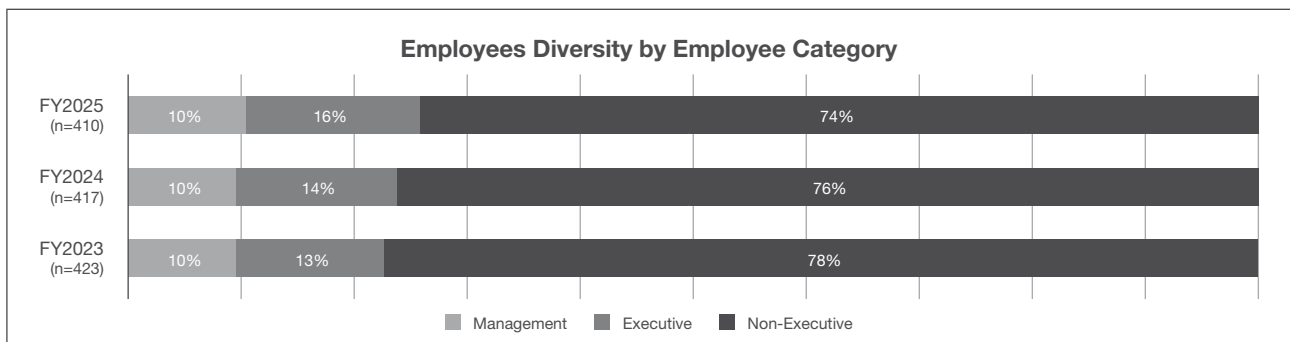
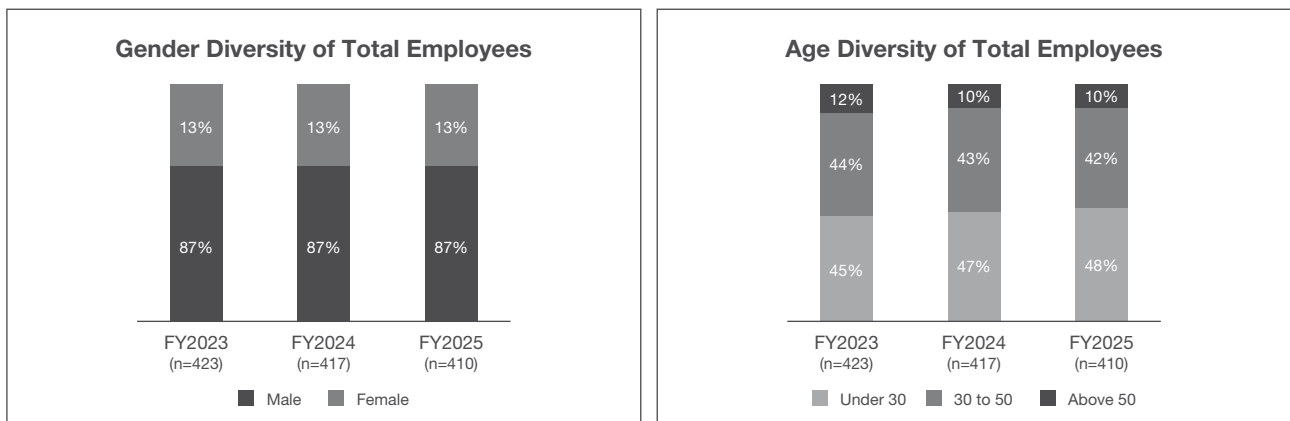
SMIS actively recruits individuals from diverse backgrounds and demographics. A zero-tolerance policy against discrimination on the grounds of race, gender, religion, age, nationality, or disability is enforced. The Board has achieved and continues to maintain 40% female representation as at the reporting date, in excess of the 30% threshold recommended by the MCCG. The Group monitors workforce composition by gender and age group across all employee categories and reports this data annually. Below is the workforce composition of SMIS:-

Board of Directors Composition by Gender and Age Group



Workforce Breakdown

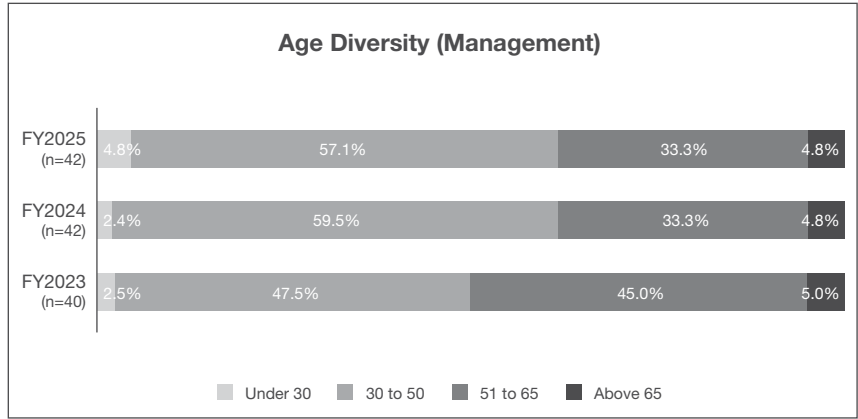
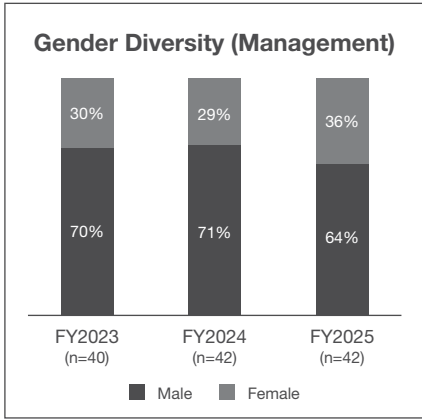
Total Employees



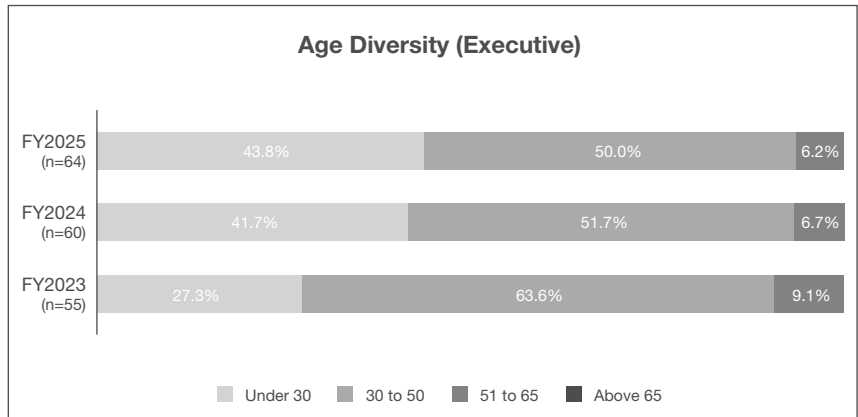
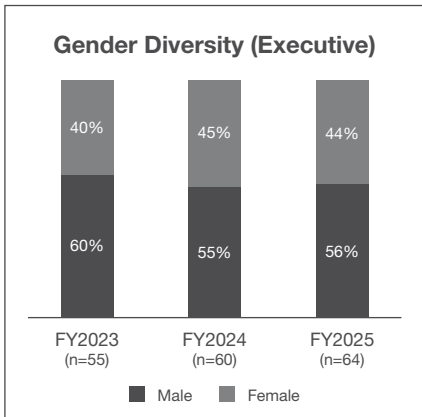
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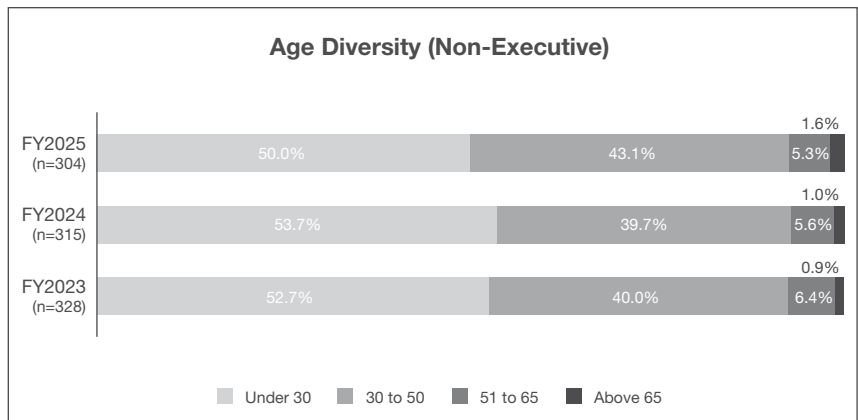
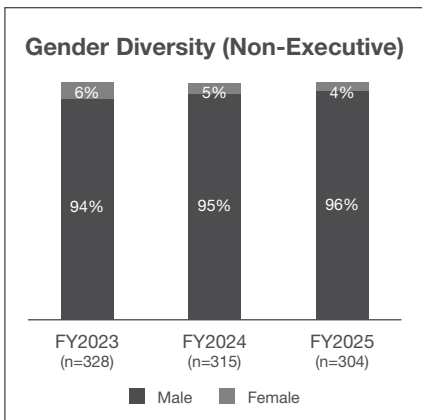
Management



Executive



Non-Executive



Sustainability Statement

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Employee Turnover

SMIS actively monitors employee turnover, and analyses exit interview feedback to understand the drivers of attrition, including economic conditions, career expectations, and wellbeing factors. Turnover trends are reviewed by management and inform talent retention strategies and compensation benchmarking.

Employee Turnover by Employee Category				
Employee Category	Unit	FY2023	FY2024	FY2025
Management	Number	2	3	3
Executive	Number	8	5	2
Non-Executive	Number	46	48	44
Overall Total	Number	56	56	49

Overall turnover declined marginally to 49 in FY2025, with reductions in executive-level attrition suggesting improved retention among professionally skilled employees. The Group continues to monitor and address non-executive turnover, which remains the primary area of focus.

Training, Upskilling, and Reskilling

SMIS is committed to the continuous development of its workforce. Training programmes encompass mandatory courses for new hires and targeted development for existing employees, covering leadership, technological advancement, risk management, regulatory compliance, and business processes. All employees are required to complete annual training on the Code of Conduct. Specialised programmes on data protection, cybersecurity, and anti-corruption are provided to all relevant employee categories.

Training needs are assessed at both individual and functional team level through an annual skills gap review coordinated by the Human Resources Department with input from Heads of Department. Upskilling and reskilling programmes are designed to ensure employees remain competitive as the Group's operations evolve in response to automation, business objectives and market changes.

In FY2025, SMIS Group organised the following training programmes for the employees:

No.	Training Programme
1	Seminar Organisasi Keselamatan Kebakaran ("OKK 2025")
2	FMM Briefing on Stamp Duty
3	Situational People Leadership for HR
4	FMM Seminar on Understanding & Handling of Sexual Harrassment at the Workplace
5	Basic First Aid, CPR & AED Training
6	Talent Strategy: Building Agile, Skilled & Future-Proof
7	Flexible Work Arrangement ("FWA") Workshop
8	Noise Hazard Hearing Conservation Program
9	CQI 9 4th Edition Heat Treatment
10	CQI 12 3rd Edition Coating System Assessment
11	Advanced Certificate in Supply Chain & Logistics Management
12	Goal Setting Workshop
13	Workshop on Wealth Management
14	Transformational Leadership
15	Enhancing Corporate Efficiency through Departmental Consolidation & Branding
16	Transform Your People & Profit with 9 Deeds in 90 Days
17	Leader's Guide to Negotiating Business Deals

Sustainability Statement

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No.	Training Programme
18	Staff Retention Action Strategies
19	A Disruptive 7-Box Talent Management Framework That Works
20	Holistic Approach to Leadership Development
21	Introduction To Ergonomic And Manual Handling Program
22	Ergonomic Trained Person For Initial Ergonomics Risk Assessment
23	Fire Fighting (ERT Team)
24	Safe Chemical Management Handling & Spillage
25	MSA Training
26	MARII CATIA V5 Certification 2025 Programme: Associate Part Design - Batch 1A (11-13 August 2025)
27	ISO 14001:2015 EMS
28	Python Programming for Beginner
29	Generative AI for Business Process Automation
30	Generative AI For Business Process Automation
31	(MC) Toyota Job Instruction
32	Safe Handling Forklift Program
33	How To Use Temperature Calibrator To Calibrate Temperature Controller
34	8D Problem Solving
35	FMM - Seminar on Managing the Employment of Foreign Employees: Policies, Compliance & Best Practices
36	E-Invoicing Conference
37	Tax & Budget Seminar
38	Updates On Employment Act 1955
39	Termination of Employment with Statutory Compliance

Fire Safety Talk and Drill 2025



Sustainability Statement

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Total Training Hours by Employee Category				
Employee Category	Unit	FY2023	FY2024	FY2025
Management	Hours	400	140	459
Executive	Hours	649	283	312
Non-Executive	Hours	1,680	203	302
Total	Hours	2,729	626	1,073

Total training hours recovered significantly in FY2025 to 1,073 hours, an increase of approximately 71.4% from FY2024 (626 hours) and a partial recovery towards the FY2023 baseline of 2,729 hours. Management-level training hours reached 459, the highest level recorded, reflecting the Group's prioritisation of leadership development.

Employee Wellbeing

SMIS takes a holistic view of employee wellbeing, recognising that physical, financial, and personal resilience are interconnected dimensions that directly affect productivity, engagement, and retention. The Group's wellbeing programmes include:

- **Health and Medical:** Comprehensive medical, dental, and vision coverage for employees and their eligible dependents. Mental health support through telehealth solutions, access to psychology and psychiatry services, and proactive awareness initiatives.
- **Financial Protection:** Life and accident insurance, disability income coverage, and retirement savings programmes to support employees' long-term financial security.
- **Emergency Support:** Business travel emergency support through 24/7 global assistance, covering medical, security, and logistical emergencies during business travel.
- **Family and Personal:** Flexible leave arrangements including personal, caregiving, and bereavement leave. Employee engagement and recreation activities coordinated through the Events Management and Welfare Committees, as well as the Group's Sports Club.

Labour Conditions Performance	Unit	FY2023	FY2024	FY2025
Number of Substantiated Human Rights Violation Complaints	Number	0	0	0
Percentage of Employees Who are Contractors or Temporary Staff	Percentage (%)	5.6	5.5	3.7



GOVERNANCE

Ethical Business Practices

Why It Matters

Ethical conduct is the foundation upon which SMIS's relationships with customers, suppliers, employees, and regulators are built. As a listed company operating across multiple jurisdictions, the Group is subject to a range of anti-corruption, anti-bribery, and conduct-related laws, including the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Companies Act 2016, and the Malaysian Penal Code. Breaches in ethical standards, whether involving bribery, insider trading, conflicts of interest, or non-compliance with the Code of Conduct carry serious legal, financial, and reputational consequences.

Sustainability Statement

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Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Bribery or corruption involving Group personnel could result in criminal prosecution under the MACC Act, financial penalties, and permanent reputational damage. Weak whistleblowing mechanisms may allow misconduct to persist undetected, increasing systemic governance risk. Non-compliance with data protection and privacy obligations could expose the Group to PDPA enforcement action and erosion of stakeholder trust. 	<ul style="list-style-type: none"> A robust ABAC framework and 100% employee training record demonstrate governance credibility to OEM customers, financial institutions, and investors. A trusted and confidential whistleblowing channel encourages early identification and resolution of concerns before they become material incidents. Strong governance practices enhance the Group's reputation as a reliable business partner and supports access to green and sustainable financing instruments.

Management Policies and Processes

Code of Conduct

SMIS's Code of Conduct sets out the expected ethical standards for all Directors, members of Management, and employees of the Group. It covers human rights, health and safety, environmental responsibility, gifts and business courtesies, company records and internal controls, conflicts of interest, integrity and professionalism, confidential information, compliance obligations, fair dealing, anti-bribery and anti-corruption, insider trading, anti-money laundering, and the prohibition of abuse of power. The Code of Conduct is reviewed periodically by the Board and published on the Company's website at www.smis.com.my. It was last reviewed and approved by the Board on 20 November 2023.

Anti-Bribery and Anti-Corruption (ABAC)

The Group's ABAC Policy was implemented in FY2023 and approved by the Board of Directors. It sets out comprehensive procedures for preventing bribery and corruption across all operations and business relationships, covering: anti-bribery and corruption controls; conflicts of interest; gifts, entertainment and hospitality; donations and sponsorships; facilitation payments; business partner conduct; record-keeping; risk assessment; monitoring and compliance; whistleblowing channels; enforcement mechanisms; and mandatory training and communication requirements.

All employees are required to complete ABAC training, and 100% awareness training across all employee categories was maintained throughout FY2023-FY2025. The Group periodically reviews its ABAC policy and programme to assess the performance, efficiency, and effectiveness of its anti-bribery and anti-corruption processes and risk management systems. The Policy is publicly available at www.smis.com.my.

Whistleblowing

The Group's Whistleblower Policy establishes secure, confidential channels for employees, contractors, suppliers, and members of the public to report suspected misconduct or wrongdoing. Whistleblowers are protected against retaliation, and all reports are investigated promptly and confidentially. The Policy supports SMIS's ABAC Policy and Code of Conduct, and reinforces a culture of accountability and transparency. The Whistleblower Policy is available at www.smis.com.my and is reviewed periodically by the Audit and Risk Committee ("ARC").

Our Approach

Ethics governance at SMIS is operationalised through periodic distribution of Code of Conduct acknowledgement forms to all employees, annual ABAC training for all employee categories, regular communication of the Group's insider dealing policy and closed trading period notices to Directors and Principal Officers, and structured breach reporting and investigation processes. The ARC provides oversight of the whistleblowing programme and reports findings to the Board.

Sustainability Statement

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Progress

Percentage of Employees Who Have Received Training on Anti-corruption by Employee Category				
Employee Category	Unit	FY2023	FY2024	FY2025
Management ¹	Percentage (%)	100	100	100
Executive	Percentage (%)	100	100	100
Non-Executive ²	Percentage (%)	100	100	100

Notes:

1. Employee category of Management refers to the level of Assistant Manager and above.
2. Non-executive employees include technicians, supervisors, and clerical workers.

Ethical Business Performance	Unit	FY2023	FY2024	FY2025
Number of Cases for Breaching the Code of Conduct	Number	0	0	0
Confirmed Incidents of Corruption and Action Taken	Number	0	0	0
Percentage of Operations Assessed for Corruption Related Risks	Percentage (%)	100	100	100

Data Protection

Why It Matters

As SMIS's operations become progressively more digitalised, the Group manages increasing volumes of sensitive employee, customer, and business partner data. Protecting this data from unauthorised access, disclosure, or loss is both a legal obligation under the PDPA and an ethical commitment to all stakeholders who entrust the Group with their information.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> • A data breach or cyber incident could expose the Group to PDPA enforcement action, financial penalties, and significant reputational damage. • Increasing digitalisation of manufacturing and administrative processes expands the Group's attack surface for cybersecurity threats. • Third-party vendor data-sharing arrangements create supply chain data risk if not effectively governed. 	<ul style="list-style-type: none"> • Proactive data governance and cybersecurity investment protect the Group's operational continuity and institutional knowledge. • Demonstrating strong data protection practices builds trust with OEM customers and business partners, particularly those with heightened data governance requirements. • Zero incidents to date reflect an effective preventive approach that can serve as a foundation for future digital expansion.

Management Policies and Processes

SMIS's data protection framework is governed by the PDPA, supplemented by the Group's internal data privacy and cybersecurity policies and procedures. The PDPA obligations are incorporated into the Employee Handbook, ensuring all staff are aware of their data handling responsibilities from the time of onboarding.

Sustainability Statement

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Our Approach

Key data protection measures include mandatory PDPA awareness for all employees, specialised training on privacy, data security, and cybersecurity for relevant employee categories, internal controls over access to personal data systems, and periodic review of third-party data processing arrangements. The Group continues to strengthen its cybersecurity posture in line with evolving threat landscapes.

Progress

SMIS is pleased to report zero substantiated data privacy or security complaints from FY2023 to FY2025, reflecting the effectiveness of the Group's preventive and governance controls.

Data Protection Performance	Unit	FY2023	FY2024	FY2025
Number of Substantiated Complaints for Data Privacy or Security	Number	0	0	0

Procurement Practices

Why It Matters

SMIS's supply chain encompasses raw material suppliers, logistics providers, and service contractors across Malaysia and the regional markets it serves. Responsible procurement, through prioritising local suppliers, enforcing ethical standards, and managing social and environmental risks in the supply chain strengthens supply chain resilience, supports the domestic economy, and ensures the Group's sustainability commitments are reflected throughout its value chain.

Risks and Opportunities

Risks	Opportunities
<ul style="list-style-type: none"> Supply chain disruptions due to supplier non-compliance, financial instability, or geopolitical factors could affect production continuity. Failure to enforce ethical and environmental standards in the supply chain may create reputational exposure, particularly as OEM customers increasingly require supplier sustainability assessments. Concentration of spend with a limited number of suppliers increases vulnerability to single points of failure. 	<ul style="list-style-type: none"> Increased local procurement - which reached 67.4% in FY2025 - reduces import exposure, shortens supply chains, and strengthens the Group's contribution to Malaysia's economic development goals. Supplier sustainability development creates long-term value chain resilience and supports SMIS's broader ESG commitments. Green procurement criteria aligned with SMIS's ISO 14001:2015 EMS support a lower-carbon and more responsible supply chain.

Management Policies and Processes

All suppliers are required to comply with the standards set out in the Group's supply chain management guidelines and Code of Conduct, covering business ethics, labour and human rights, product quality, occupational health and safety, and environmental sustainability. Supplier performance is monitored through vendor scorecards and periodic in-person visits, and compliance requirements form part of all supplier contracts. Local procurement is prioritised wherever quality, delivery, and price requirements can be met.

Sustainability Statement

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Our Approach

SMIS's procurement evaluation process balances quality, price, reliability, and sustainability criteria. The Group encourages key suppliers to implement environmental impact reduction measures, supporting the Group's broader EESG goals. Local suppliers are actively supported through SMIS's procurement preferences, contributing to regional economic development and reducing logistics-related emissions.

Progress

In FY2025, the proportion of spending on local suppliers increased significantly to 67.4%, nearly doubling from 37.0% in FY2024. This increase reflects the Group's deliberate commitment to domestic supply chain development, enhanced supply chain resilience, and its contribution to Malaysia's economic growth objectives.

Procurement Performance	Unit	FY2023	FY2024	FY2025
Proportion of Spending on Local Suppliers	Percentage (%)	35.8	37.0	67.4

WAY FORWARD

As SMIS Corporation Berhad enters a new chapter of its sustainability journey, the Group is committed to translating its sustainability principles and current-year progress into a more structured, forward-looking strategy. The following priorities will guide our sustainability agenda in FY2026 and beyond:

- **Renewable Energy Expansion:** The Group has made meaningful progress in its renewable energy transition during the reporting period. In addition to the solar PV installations commissioned at Sugihara Port Klang and Sendayan in Q4 2024, Sanyco completed its own solar panel installation in Q4 2025, further expanding the Group's on-site renewable energy capacity. Building on this momentum, the Group will assess the feasibility of extending solar adoption across its remaining facilities, with the objective of progressively reducing net grid electricity dependence and Scope 2 emissions year-on-year.
- **Advanced Automotive and Electric Vehicles ("EVs") Growth Strategy:** Having transitioned successfully to a Tier-1 supplier, the Group is capitalising on opportunities arising from the growth of the EV segment. SMIS will continue pursuing technical partnerships to align its machining capabilities with evolving automotive requirements, including a collaboration with a new Japanese partner expected to drive process integration, knowledge transfer, and synergies in technology, skills, and materials sourcing. These initiatives are intended to support expansion into new automotive segments and further strengthen the Group's competitive position in the market.
- **ISSB Standards Adoption:** SMIS will undertake a comprehensive double materiality assessment in FY2026 as part of its preparations for ISSB S1 and S2-aligned reporting under Bursa Securities's NSRF roadmap. This will include a structured analysis of climate-related physical and transition risks and opportunities.

SMIS Corporation Berhad is committed to building a resilient, responsible, and future-ready business - one that creates sustainable value for shareholders, employees, customers, and the communities we serve.

Sustainability Statement

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PERFORMANCE DATA TABLE

SMIS Corporation Berhad BMLR Transition Period

Date & Time: 2026-04-29_18:35:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Product Quality & Safety	Quality and environmental management certifications maintained	Certifications maintained (Yes/No)	Yes	Maintain IATF 16949:2016, AS 9100, ISO 9001:2015 & ISO 14001:2015 certifications	No assurance	IATF 16949:2016, AS 9100, ISO 9001:2015 and ISO 14001:2015 certifications maintained across relevant facilities with no major non-conformances in FY2025.
Product Quality & Safety	Major non-conformances identified in external audits	Number	0	Maintain zero major non-conformances	No assurance	Surveillance and recertification audits completed during the reporting period.
Resource Management	Total energy consumption	Gigajoules (GJ)	26,601	Reducing the usage levels of FY2024. SMIS aims to enhance the usage of renewable energy sources, particularly solar power, in FY2025.	No assurance	23.6% cumulative reduction from FY2023 baseline (34,801 GJ). Includes electricity and petrol. FY2024 restated to 32,092 GJ following petrol NCV methodology correction.
Resource Management	Electricity consumption	kWh	6,570,444	—	No assurance	—
Resource Management	Petrol consumption	Litres	91,132	—	No assurance	—
Resource Management	Energy intensity	GJ per production unit	0.07196	—	No assurance	—
Resource Management	Total water consumed	Cubic metres (m ³)	22,009	Reducing the usage levels of FY2024	No assurance	15.2% reduction from the FY2023 baseline and a 19.5% reduction from FY2024.
Resource Management	Water intensity	Cubic metres (m ³) per production unit	0.00990	—	No assurance	—
Waste Management	Total waste generated	Metric Tonnes (MT)	1,288.53	Maintaining at FY2024 levels	No assurance	12.8% reduction vs FY2023 baseline (1,454.58 MT); 16.3% reduction vs FY2024 (1,515.32 MT).
Waste Management	Total waste diverted from disposal	Metric Tonnes (MT)	875	Maintaining at FY2024 levels	No assurance	—
Waste Management	Total waste directed to disposal	Metric Tonnes (MT)	1,181.38	Maintaining at FY2024 levels	No assurance	—

Sustainability Statement

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Emissions Management	Scope 1	tCO ₂ e	189	Maintaining at FY2024 levels	No assurance	Petrol combustion from vehicle fleet. Emission factors: DESNZ/DEFRA Conversion Factors. Marginal increase vs FY2024 consistent with slight growth in fleet activity.
Emissions Management	Scope 2 (Location-based)	tCO ₂ e	4,862	Maintaining at FY2024 levels	No assurance	22.8% reduction vs FY2024 (6,295 tCO ₂ e); 27.8% reduction from FY2023 (6,733 tCO ₂ e). Emission factor: Malaysia Grid (provisional), Suruhanjaya Tenaga.
Emissions Management	Scope 2 (Market-based)	tCO ₂ e	0	—	No assurance	—
Emissions Management	Total GHG emissions (Scope 1 + Scope 2)	tCO ₂ e	5,051	—	No assurance	—
Occupational Safety & Health	Number of work-related fatalities	Number	0	Maintain zero work-related fatalities	No assurance	—
Occupational Safety & Health	Number of lost time incidents	Number	0	Maintain zero lost time incidents	No assurance	—
Occupational Safety & Health	Lost Time Incident Rate (LTIR)	Rate	0	Maintain LTIR at zero	No assurance	—
Occupational Safety & Health	Number of employees trained on health and safety standards	Number	351	Maintain/increase number of employees trained on OSH standards	No assurance	351 employees trained in FY2025 vs 268 in FY2024. Programmes include fire safety, first aid, noise hazard, ergonomics, and safe chemical handling.
Labour Conditions	Total training hours - Management	Hours	459	Maintain/increase management training hours from FY2024	No assurance	459 hours in FY2025, from 140 hours in FY2024. Reflects prioritisation of leadership development.
Labour Conditions	Total training hours - Executive	Hours	312	Maintain/increase executive training hours from FY2024	No assurance	Increase of 10.2% from FY2024 (283 hours).

Sustainability Statement

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SMIS Corporation Berhad BMLR Transition Period

Date & Time: 2026-04-29_18:35:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Conditions	Total training hours - Non-Executive	Hours	302	Maintain/increase non-executive training hours from FY2024	No assurance	Increase of 48.8% from FY2024 (203 hours).
Labour Conditions	Total training hours - Overall	Hours	1,073	Maintain/increase total training hours from FY2024	No assurance	71.4% increase from FY2024 (626 hours).
Labour Conditions	Employee turnover - Management	Number	3	Maintain/reduce management turnover from FY2024 levels	No assurance	—
Labour Conditions	Employee turnover - Executive	Number	2	Maintain/reduce executive turnover from FY2024 levels	No assurance	Significant reduction from FY2024 (5) indicating improved retention.
Labour Conditions	Employee turnover - Non-Executive	Number	44	Maintain/reduce non-executive turnover from FY2024 levels	No assurance	—
Labour Conditions	Employee turnover - Overall	Number	49	Maintain/reduce overall employee turnover from FY2024 levels	No assurance	Marginal decline from FY2024 (56).
Labour Conditions	Percentage of directors by gender group - Board (Male)	Percentage (%)	60.0	—	No assurance	—
Labour Conditions	Percentage of directors by gender group - Board (Female)	Percentage (%)	40.0	Maintain ≥30% female board representation per MCCC requirement	No assurance	40% female board representation as at reporting date, exceeding the MCCC 30% threshold.
Labour Conditions	Percentage of directors by age group - Under 30	Percentage (%)	0.0	—	No assurance	—
Labour Conditions	Percentage of directors by age group - Between 31 to 50	Percentage (%)	10.0	—	No assurance	—
Labour Conditions	Percentage of directors by age group - Between 51 to 65	Percentage (%)	60.0	—	No assurance	—
Labour Conditions	Percentage of directors by age group - Above 65	Percentage (%)	30.0	—	No assurance	—

Sustainability Statement

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Conditions	Percentage of total employees by Gender Group - Total Workforce (Male)	Percentage (%)	870	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Gender Group - Total Workforce (Female)	Percentage (%)	13.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Age Group - Total Workforce (Under 30)	Percentage (%)	48.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Age Group - Total Workforce (Between 30 to 50)	Percentage (%)	42.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Age Group - Total Workforce (Above 50)	Percentage (%)	10.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Employee Category - Total Workforce (Management)	Percentage (%)	10.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Employee Category - Total Workforce (Executive)	Percentage (%)	16.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of total employees by Employee Category - Total Workforce (Non-Executive)	Percentage (%)	74.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Management - Under 30)	Percentage (%)	4.8	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Management - Between 30 to 50)	Percentage (%)	571	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—

Sustainability Statement

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SMIS Corporation Berhad BMLR Transition Period

Date & Time: 2026-04-29_18:35:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Management - Between 51 to 65)	Percentage (%)	33.3	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Management - Above 65)	Percentage (%)	4.8	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Executive- Under 30)	Percentage (%)	43.8	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Executive - Between 30 to 50)	Percentage (%)	50.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Executive - Between 51 to 65)	Percentage (%)	6.2	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Executive - Above 65)	Percentage (%)	0.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Non-Executive- Under 30)	Percentage (%)	50.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Non-Executive - Between 30 to 50)	Percentage (%)	43.1	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—

Sustainability Statement

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Non-Executive - Between 51 to 65)	Percentage (%)	5.3	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Age Group by Employee Category (Non-Executive - Above 65)	Percentage (%)	1.6	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Management - Male)	Percentage (%)	64.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Management - Female)	Percentage (%)	36.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Executive - Male)	Percentage (%)	56.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Executive - Female)	Percentage (%)	44.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Non-Executive - Male)	Percentage (%)	96.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Percentage of Employees - Gender Group by Employee Category (Non-Executive - Female)	Percentage (%)	4.0	Maintaining the level of employee diversity from/at FY2024 levels	No assurance	—
Labour Conditions	Number of substantiated human rights violation complaints	Number	0	Maintain zero substantiated human rights complaints	No assurance	—

Sustainability Statement

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SMIS Corporation Berhad
BMLR Transition Period

Date & Time: 2026-04-29_18:35:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Conditions	Percentage of employees who are contractors or temporary staff	Percentage (%)	3.7	—	No assurance	Decline from 5.6% (FY2023) and 5.5% (FY2024).
Community Engagement	Total community investment (target beneficiaries external to the Group)	Ringgit Malaysia (RM)	12,400	Maintaining levels of investment from/at FY2024 levels	No assurance	43.4% increase from FY2024. Includes Academic Excellence Award programme (second consecutive year).
Community Engagement	Total number of beneficiaries of community investment	Number	28	Maintaining the number of beneficiaries from/ at FY2024 levels	No assurance	Increase from 21 beneficiaries in FY2024 and 22 in FY2023.
Ethical Business Practices	Percentage of employees trained on anti-corruption - Management	Percentage (%)	100	Maintain 100% ABAC training across all employee categories	No assurance	—
Ethical Business Practices	Percentage of employees trained on anti-corruption - Executive	Percentage (%)	100	Maintain 100% ABAC training across all employee categories	No assurance	—
Ethical Business Practices	Percentage of employees trained on anti-corruption - Non-Executive	Percentage (%)	100	Maintain 100% ABAC training across all employee categories	No assurance	—
Ethical Business Practices	Confirmed incidents of corruption and action taken	Number	0	Maintain zero confirmed corruption incidents	No assurance	—
Ethical Business Practices	Percentage of operations assessed for corruption-related risks	Percentage (%)	100	Maintaining 100% assessment for all operations	No assurance	—
Ethical Business Practices	Number of cases for breaching the Code of Conduct	Number	0	Maintain zero Code of Conduct breaches	No assurance	—
Data Protection	Number of substantiated complaints concerning breaches of customer data privacy or security	Number	0	Maintaining zero incidences of data privacy and security breaches	No assurance	—

Sustainability Statement

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SMIS Corporation Berhad
BMLR Transition Period

Date & Time: 2026-04-29_18:35:53
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Procurement Practices	Proportion of spending on local suppliers	Percentage (%)	67.4	Maintaining percentage of distribution at FY2024 levels	No assurance	Local supplier spending increased to 67.4% in FY2025, up 31.6 percentage points from the FY2023 baseline (35.8%) and 30.4 percentage points from FY2024 (37.0%), exceeding the target of maintaining FY2024 distribution levels

Corporate Governance Overview Statement

The Board of Directors (“the Board” or “the Directors”) of SMIS is committed to ensure that good corporate governance principles and practices are applied throughout the SMIS Group as a fundamental part of discharging its responsibilities with the ultimate objective of protecting and enhancing shareholders’ value and to improve its financial performance for long-term sustainable business prosperity.

The Board is guided by the Principles, Practices and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2021 (“MCCG”), Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) and Paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Berhad (“Bursa Securities”).

This statement should also be read in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Reports on Board Committee and Sustainability Statement) and Corporate Governance Report 2025 which can be downloaded from the Company’s website at www.smis.com.my or from Bursa Securities’ website at www.bursamalaysia.com, as the application of certain corporate governance practices may be more evidently manifested in the context of the respective statements.

The Corporate Governance Report 2025 sets out how the SMIS Group has applied each Principle and Step-Up Practice as set out in the MCCG during the FY2025. Where there is a departure, clear and meaningful disclosure is provided why the practice was not applied and how the alternative practice achieves the Intended Outcome. SMIS will further enhance its MCCG adoption and put in effort to adhere to all recommended best practices from time to time.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

The Group is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Group, generating value for shareholders and contributing to wider stakeholders. The Board has ultimate responsibility for the overall leadership of the Group. In this role, it oversees the development and delivery of the Group’s strategies.

Board of Directors

The Board is responsible for the effective control of the Group and has adopted the following principal responsibilities in discharging its fiduciary and leadership functions:-

- i) reviewing and adopting a strategic plan including setting performance, objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- ii) overseeing the conduct of the Company’s performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls which enables risk to be assessed and managed;
- iii) reviewing the procedures to identify and manage principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- iv) setting, reviewing and ensuring compliance with the Company’s principles, values and ethos;
- v) establishing proper succession planning, including selecting, appointing, assessing, training, monitoring, fixing the remuneration of and where appropriate, replacing the Board and Senior Management;
- vi) developing and implementing Corporate Disclosure Policies and Procedures (including an investor relations programme or shareholder communications policy) for the Group;
- vii) reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- viii) ensuring the integrity of the Company’s financial and non-financial reporting;
- ix) ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- x) ensuring the effective discharge of its oversight functions and responsibilities, the Board has established and delegated certain responsibilities to the Board Committees, namely, the Audit and Risk Committee (“ARC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”).

The Board has a formal schedule of matters for its decision to ensure that the direction and control of the Group remain firmly in its hands. These matters include strategic issues and planning, material acquisition and disposal of assets, capital expenditure, risk management policies, appointment of auditors and review of the financial statements, financing and borrowing activities, regulatory compliance and the adequacy and integrity of internal controls.

The Board met five (5) times in the FY2025 and all Directors attended all meetings to which they were eligible invited. Details of the attendance of each member of the Board are set out on page 60 of this Annual Report.

Corporate Governance Overview Statement

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Board Charter

The Board has adopted a Board Charter which serves as a reference point for the activities and provides guidance and clarity to the Directors and Management with regard to the roles and responsibilities of the Board and its Committees.

The Board Charter is available on the Company's website at www.smis.com.my.

To ensure the continuous relevance of the Board Charter to the MCCG and the MMLR of Bursa Securities, the Board conducts regular reviews of the Board Charter as and when necessary.

Composition of the Board

An effective Board needs to have the right group of people, considering each individual's background, skills, knowledge, experience, diversity (e.g. age, gender and culture) and the ability to bring a group of individuals to work together as a team and assist the Company to achieve its goals. Considerations also include the size, composition and time commitments required for the Board members to fulfil their duties effectively.

The Group is led and managed by an effective Board, that has a wide range of expertise, extensive experience and comes from diverse backgrounds. As at 31 December 2025, there were five (5) members, comprising two (2) Executive Directors and three (3) Independent Non-Executive Directors.

Thus, the Board's composition complies with the MMLR of Bursa Securities which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent. The MCCG now provides that at least half of the Board must comprise Independent Directors and for large companies there must be a majority of Independent Directors. The Board takes cognizance of the recommendation of the MCCG and has adopted this corporate governance best practice. None of the Directors holds more than five (5) directorships in listed issuers in Malaysia. A brief profile of each Director is presented on pages 5 to 8 of this Annual Report.

Where areas of conflict of interest ("COI") and potential COI arise, the Directors concerned will have to declare his/her interest and abstain from participating in the decision-making process.

During the FY2025, the Board assessed the independence of its Independent Non-Executive Directors based on criteria developed by the NC and is generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board Charter sets out the restriction on the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board upon reaching the nine (9)-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

There is one (1) Independent Non-Executive Director, Mr Oei Kok Eong, who will reach the twelve (12)-year tenure on 20 November 2026. The NC and the Board, after having reviewed and assessed the fit and proper self-declaration form and independence of the said Independent Director, consider him to be independent and recommend to the shareholders for approval on his retention at this forthcoming Twenty-Seventh ("27th") Annual General Meeting ("AGM") of the Company to enable him to continue in office as an Independent Non-Executive Director of the Company. The justifications for his retention can be found in the Notice of 27th AGM.

Corporate Governance Overview Statement

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Board and Senior Management Diversity

The Board has adopted a Diversity Policy to maintain an appropriate balance of skills, knowledge, professional background and experience in its succession planning. Looking forward to upcoming requirements and identifying potential gaps, appointing the best individuals is critical in ensuring a high level of compliance and governance. The correct Board mix is also crucial for the success of the Group.

This Policy expresses the Board's commitment to ensure transparency and diversity in making appointments to the Board (and Board Committees) based on principles of non-discrimination, regardless of race, ethnicity, gender, age, disability, religion or belief. The Board also upholds the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right calibre.

The Board maintains a good track record of diversity, with members coming from a wide range of backgrounds. A brief description of the background of each Director is presented in the Profile of Directors section of this Annual Report.

As for Senior Management, the Company strives for equal employment opportunities, of which the positions are filled with the most suitable candidates on the basis of qualifications, relevant experience, performance potentials and any other attributes required of the job.

The composition of the Board and Senior Management's diversity, as at 31 December 2025, is illustrated below:

The Board

Ethnicity		Age		Gender	
Malaysian Chinese	5	30-39 years	1	Male	3
		50-59 years	2	Female	2
		>60 years	2		

Senior Management

Ethnicity		Age		Gender	
Malaysian Chinese	3	40-49 years	1	Male	4
Malaysian Malay	1	50-59 years	3		

Composition and Attendance of Meetings

The number of Board and Board Committee Meetings held in FY2025 and the attendance of each member of the Board at the respective Board and Board Committee Meetings are as follows:-

Name	Designation	Meeting Attendance			Audit and Risk Committee
		Board of Directors	Nomination Committee	Remuneration Committee	
Ng Wai Kee	Executive Director & Chairman	5/5	-	-	-
Yap Siew Foong	Executive Director	5/5	-	-	-
Oei Kok Eong	Independent Non-Executive Director	5/5	1/1	1/1	5/5
Tan Hock Soon	Independent Non-Executive Director	5/5	1/1	1/1	5/5
Tan Yi Woan	Independent Non-Executive Director	5/5	1/1	1/1	5/5

Corporate Governance Overview Statement

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In order to ensure all the Directors are able to attend the Board and Board Committees meetings, the calendar for the Board and Board Committees meetings is circulated in advance before the commencement of the financial year, which allows the Directors to plan their schedules ahead. The Board is also mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills.

A notice of a Board meeting is given in writing at least seven (7) days prior to the meeting. The agenda has included, among others, matters specifically reserved for the Board's decision. All reports are presented in a clear and concise manner to enable the Board to analyse and discharge its duties effectively. Upon the conclusion of the meeting, the minutes will be circulated to the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board meeting.

Aside from Board meetings, any business or urgent matters will also be decided via written circular resolution to ease the decision-making process.

Code of Conduct, Code of Ethics, Insider Dealing Policy and Anti-Bribery and Anti-Corruption ("ABAC") Policy

The Company has adopted the Code of Conduct for Directors, Management and Officers of the Group to promote a corporate culture which engenders ethical conduct that permeates throughout the Company, to be in line with the MCCG.

The Board continues to adhere to the Code of Ethics for Directors to enhance the standards of corporate governance and corporate behaviour and to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

The Board has also adopted an Insider Dealing Policy for Directors and employees who possess price sensitive information which is not generally available to the public, and therefore not allowed to trade in the securities of the Company, in accordance with the Capital Markets and Services Act 2007, which prohibits insider trading. Notices on the closed period for trading in the Company's shares are sent to Directors, principal officers and the relevant employees on a quarterly basis. During the FY2025, none of the Directors dealt in securities of the Company during the closed period.

The Company had adopted the ABAC Policy to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities. This is in line with the corporate liability provision on corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Group will review the ABAC policy and programme periodically to assess the performance, efficiency and effectiveness of the Group's anti-bribery and anti-corruption processes and risk management system.

Copies of the Code of Conduct, Code of Ethics, Insider Dealing Policy and ABAC Policy are available on the Company's website at www.smis.com.my.

Whistle Blower Policy

The Board has adopted the Whistle Blower Policy, which outlines when, how and to whom any concern may be properly raised about any actual or potential corporate fraud, improper conduct or unlawful conduct involving employee, officer or Management of the Company. Through this policy, the Group can preserve its culture of openness, accountability and integrity to enable whistleblowers to express their concerns without fear of punishment or unfair treatment.

A copy of the Whistle Blower Policy is available on the Company's website at www.smis.com.my.

COI Policy

The Company has adopted the COI Policy, which outlines the disclosure obligations of the Director, Management and Officers of the Group and the adequate procedures to be followed when a COI arises or potentially arises. Through this Policy, the Group can ensure that actual, potential and perceived COI are identified and handled appropriately, thereby promoting transparency, protecting the interest of the Group, and fostering a culture of honesty and accountability, and good governance within the Group.

A copy of the COI Policy is available on the Company's website at www.smis.com.my.

Corporate Governance Overview Statement

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Environmental, Social and Governance (“ESG”)

The Group acknowledges the importance of sustainability relating to ESG including its risks and opportunities to/for the Group. The Board and Management are responsible to ensure that the business strategic plan supports long-term value creation of ESG and managing changes related to ESG issues enabling the Group to achieve long term returns with a lower risk profile.

Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Statement in the Annual Report.

Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company’s Constitution, the Board’s policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required and have attended training and seminars conducted by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and Bursa Securities to keep abreast of the relevant updates on statutory and regulatory requirements such as updates on the MMLR of Bursa Securities, compliance with the Capital Markets and Services Act 2007 and Companies Act 2016, and to ensure adherence to the MCCG. The Board has access to all information within the Company and to the advice and services of the Company Secretaries.

The Company Secretaries, who oversee adherence to board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries and/or the representatives of the Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are taken and maintained accordingly in the statutory register at the registered office of the Company. In certain instances, the Board may clarify MMLR of Bursa Securities with the Company Secretaries and they are actively involved in advising the Board, when appropriate.

Directors’ Training

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group. An induction programme will be arranged for newly appointed Directors to facilitate their understanding of the operations of the Group as well as the products and services offered by the Group.

The Directors have attended and engaged in the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities. Given the varying training needs of each Director, all the Directors have continuously undergone training programmes to enhance their skills and knowledge.

The Directors are mindful that they should receive appropriate continuous training. Continuous training is vital for the Board members to gain insight into technology developments, current economic outlook, and latest regulatory developments and management strategies in relation to the Group’s business.

Corporate Governance Overview Statement

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Details of the trainings attended by the Directors during the FY2025 are as follows:-

No.	Name of Director	Programme	Date Attended
1	Ng Wai Kee	Streamlining Success: Enhancing Corporate Efficiency Through Departmental Consolidation & Branding	15 April 2025
		Discover the Gift of Culture: Transform your People & Profits with 9 Deeds in 90 Days	13 May 2025
		Digital Economy and Artificial Intelligence	29 May 2025
		Introduction to the new Energy Efficiency and Conservation Act	29 May 2025
		Decoding Family Wealth and Business Succession	17 June 2025
		Negotiating Skills for CEOs	18 September 2025
		A Disruptive “7 Box Talent Management Framework” that works!	18 November 2025
		2026 Economic Outlook	16 December 2025
2	Yap Siew Foong	Digital Economy and Artificial Intelligence	29 May 2025
		Introduction to the new Energy Efficiency and Conservation Act	29 May 2025
3	Oei Kok Eong	Digital Economy and Artificial Intelligence	29 May 2025
		Introduction to the new Energy Efficiency and Conservation Act	29 May 2025
		The Real Deal: Addressing Issues and Challenges of IFRS S1 and S2 Reporting in Malaysia	5 June 2025
		Decoding Budget 2026	14 October 2025
		Dynamics of Family Businesses - Growth and Opportunities; Challenges and Successions	15 October 2025
Update on National Budget 2026 Tax	11 November 2025		
4	Tan Hock Soon	e-Invoicing: Implementation and Addressing Practical Issues	23 May 2025
		Digital Economy and Artificial Intelligence	29 May 2025
		Introduction to the new Energy Efficiency and Conservation Act	29 May 2025
		The Journey into the AI Age: Game Changer for Your Digital Transformation Era	17 June 2025
		Strategic Oversight in Strategy Implementation: Getting Execution Right at the Board Level	28 July 2025
		Orange is the New Black: Malaysian Anti-Corruption Laws and Initiatives	31 July 2025
		Board Simulation - Balancing Risks & Opportunity in Sustainability Leadership	9 September 2025
		ESG Investing - The Way to Go!	10 November 2025
		Business Valuation Methods and Applications	21 November 2025
AOB Conversation with Audit Committee	25 November 2025		
5	Tan Yi Woan	Mandatory Accreditation Programme (MAP)	24 - 26 March 2025
		Forum on Defamation Law Reform: Revisiting the Defamation Act 1957	28 May 2025
		Digital Economy and Artificial Intelligence	29 May 2025
		Introduction to the new Energy Efficiency and Conservation Act	29 May 2025
		Seminar on E-Invoicing for Law Firms	18 July 2025
		Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	6 - 7 August 2025
Board Simulation - Balancing Risks & Opportunity in Sustainability Leadership	9 September 2025		

Corporate Governance Overview Statement

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The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on any updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year end.

Board Committees

The Board has also delegated specific responsibilities to three (3) Board Committees namely the ARC, NC and RC. All the Board Committees discharge their duties and responsibilities within their specific Terms of Reference as approved by the Board and report to the Board with their recommendations. The Board appoints the Chairman and members of each Board Committees. The ultimate responsibility for decision making, however, lies with the Board.

The Board acknowledges that the Chairman of the Board has taken on the role of CEO in operating the businesses of the Group. Although the functions of the Chairman and the CEO are currently combined, the Board is of the opinion that no single person has excessive powers of decision as:-

- Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group;
- The Independent Directors are able to supply a strong independent element to the decision-making process;
- No single shareholder controls an absolute majority of the voting shares; and
- At all meetings of the Board, if required, the Board elects one of its members, other than the Chairman, to be the Chairman of the meeting, thus avoiding any unfettered power of decision-making in any one individual.

Based on the annual assessment conducted on the Board and its Committees for the financial year under review, the Board unanimously resolved that each of its committees has effectively discharged its duties and functions as guided by its respective.

NC

The NC comprises entirely of Independent Non-Executive Directors and the members are as follows:-

Tan Hock Soon	Chairman (<i>Independent Non-Executive Director</i>)
Oei Kok Eong	Member (<i>Independent Non-Executive Director</i>)
Tan Yi Woan	Member (<i>Independent Non-Executive Director</i>)

The NC was formed by the Board with specific Terms of Reference, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointing Directors to Board Committees and overseeing training programmes for the Board. In discharging its responsibilities, the NC has developed certain criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the NC considers, inter-alia, the required mix of skills, knowledge, expertise, experience, professionalism, integrity, competency, commitment (including time commitment), contribution and performance of the candidates, including, where appropriate, the criteria for assessing the independence of candidates' appointment as Independent Non-Executive Directors.

In compliance with the MMLR of Bursa Securities, the Board has adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment, re-appointment and/or re-election of the Directors of the Company.

A selection process for new appointees to the Board as recommended by the NC has been adopted by the Board. The Committee assesses the suitability of candidates based on the fit and proper criteria adopted before recommending them to the Board for appointment. Following the appointment of new Directors to the Board, the Committee ensures that an induction programme is arranged, including visits to the Group's significant businesses and meetings with Senior Management personnel, as appropriate, to enable them to have a full understanding of the nature of the business, current issues within the Group and corporate strategies as well as the structure and management of the Group.

Corporate Governance Overview Statement

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The Committee reviews annually the required mix of skills and experience of Directors and other qualities of the Board, including core-competencies which Non-Executive Directors should bring to the Board. The Committee also assesses annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. The evaluation process is led by the Committee's Chairman and supported by the Company Secretaries. The Directors complete a questionnaire regarding the effectiveness of the Board and its Board Committees. This process includes a peer review where Directors assess their own and their fellow Directors' performance. The assessment and comments by all Directors are summarised and discussed at the NC Meeting and reported to the Board at the Board Meeting by the NC Chairman. All assessments and evaluations carried out by the NC in discharging its functions are properly documented.

During the financial year under review, one (1) Committee meeting was held and attended by all the members. A summary of key activities undertaken by the NC in the discharge of its duties for the FY2025 is set out below:-

- a) Reviewed and assessed the mix of skills, expertise, composition, experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- b) Reviewed and assessed the character, experience, integrity, competence and time commitment of the Directors and Group Financial Controller to ensure they have the time to discharge their respective roles;
- c) Reviewed, considered and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for re-election at the forthcoming AGM pursuant to Company's Constitution;
- d) Reviewed and recommended to the Board for consideration and subsequently table to the shareholders for approval on the continuation of office of Independent Non-Executive Director who have served the Company as Independent Director for a cumulative term of more than nine (9) years at the forthcoming AGM;
- e) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- f) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- g) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- h) Reviewed and assessed the term of office and performance of the ARC and each of its members.

The NC, through the annual appraisal, was of the view that all the Directors and Senior Management have the necessary character, experience, integrity, competence and sufficient time to discharge their respective roles effectively during the FY2025.

The Company's Constitution provides that at least one-third (1/3) of the Directors be subject to retirement by rotation at each AGM, and that all Directors retire once every three (3) years and be eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year be subject to re-election at the next AGM following his appointment.

The NC is also responsible to conduct the fit and proper assessments of the Directors who are due for retirement at the AGM. Based on the assessment, the NC and the Board are satisfied with the performance of the Directors namely Mr Ng Wai Kee and Mr Tan Hock Soon who will be subject to retirement by rotation pursuant to Clause 96 of the Company's Constitution and being eligible, offered themselves for re-election.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.

Directors' Annual Assessment

The Board has formalised a Directors' Assessment Policy which develops the criteria to be used in the assessment of Board and Board Committees as well as the procedure for Board performance assessment.

The Directors' Assessment Policy is available on the Company's website at www.smis.com.my.

Corporate Governance Overview Statement

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RC

The RC comprises entirely of Independent Non-Executive Directors. The members of the RC are as follows:-

Oei Kok Eong	Chairman (<i>Independent Non-Executive Director</i>)
Tan Hock Soon	Member (<i>Independent Non-Executive Director</i>)
Tan Yi Woan	Member (<i>Independent Non-Executive Director</i>)

The RC, established by the Board, is responsible for setting the policy and framework and determining the remuneration of Directors so as to ensure that the Company is able to attract and retain the Directors needed to run the Group successfully. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The RC is entrusted to recommend to the Board, the remuneration of Executive Directors and Non-Executive Directors of the Company in all its forms. The Executive Directors concerned play no part in deciding their own remuneration but may attend the Committee meeting at the invitation of the Chairman of the Committee if their presence is required. The determination of remuneration of the Independent Non-Executive Directors is a matter for the Board, as a whole, with individual Director abstaining from discussion of his/her own remuneration. The Company's Constitution provides that any payment of Directors' fees should be approved at a general meeting.

During the financial year under review, one (1) Committee meeting was held and attended by all the members. The RC reviewed and recommended to the Board, the remuneration for the Executive Directors of the Company and all the Independent Non-Executive Directors' fees, including the fees for the three (3) Independent Non-Executive Directors, for shareholders' approval at the Company's AGM.

Directors and Senior Management's Remuneration

The Board has formalised a Remuneration Policy for Directors and Senior Management which determines the level of remuneration package of Directors, CEO and Senior Management.

Remuneration components for the CEO, Executive Directors and Senior Management fixed salary are determined according to:-

- The scope of the duties and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

The bonus for the CEO, Executive Directors and Senior Management is designed to reward outstanding performance. The bonus is granted based on the performance of the CEO, Executive Directors and Senior Management as well as Group's results. A discretionary assessment is made to ensure that all factors, including those that are measurable and not directly measurable are considered.

Remuneration components for members of the Board, in terms of fixed fee, are determined according to:-

- On par with the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duties and responsibilities;
- The number of Board meetings; and
- The corporate and individual performance.

Corporate Governance Overview Statement

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The benefits and allowances which should be decided by the Board as a whole include:-

- Chairman's allowance;
- Meeting allowance;
- Expenses incurred in the course of their duties as Directors; and
- Benefit in-kind such as motor vehicle, petrol, driver and accommodation.

The Remuneration Policy for Directors and Senior Management is available on the Company's website at www.smis.com.my.

Details of the Directors' remuneration including fees, salary, bonus, benefits in-kind and other emoluments for the FY2025 are disclosed in the CG Report of the Company.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

ARC

The ARC comprises entirely of Independent Non-Executive Directors. The members of the ARC are as follows:-

Tan Hock Soon	Chairman (<i>Independent Non-Executive Director</i>)
Oei Kok Eong	Member (<i>Independent Non-Executive Director</i>)
Tan Yi Woan	Member (<i>Independent Non-Executive Director</i>)

The Chairman of the ARC is not the Chairman of the Board, which allows the Board to objectively review the ARC's findings and recommendations.

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARC, in assessing the suitability and independence of the External Auditors. Such procedures entail the provision of written assurance by the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARC's Terms of Reference set out its rights, duties, responsibilities and criteria on the composition of the ARC, which if it includes a former key audit partner, he/she shall observe a cooling-off period of at least three (3) years before being able to be appointed as a member of ARC.

The ARC carried out an annual assessment on the performance, suitability and independence of the External Auditors based on the following key areas and concluded that the External Auditors have discharged their duties effectively and independently:-

- a) Calibre of external audit firm;
- b) Quality processes/performance;
- c) Sufficiency of resources;
- d) Independence and objectivity;
- e) Audit scope and planning;
- f) Audit fees; and
- g) Audit communications.

The ARC members have met with the external auditors twice (28 February 2025 and 28 August 2025) without the presence of the Management and Executive Directors during the financial year to discuss issues arising from any audit exercises or other matters, which the External Auditors may wish to raise.

The ARC works closely with the audit partner assigned by Messrs Baker Tilly Monteiro Heng PLT ("Baker Tilly") to the Company, acting as the key representative to oversee the relationship between the Company and the External Auditors. In compliance with the Malaysian Institute of Accountants and in accordance with the Company's External Auditors Assessment Policy, Baker Tilly rotates its audit partners every seven (7) years to ensure objectivity, independence and integrity of the audit.

Corporate Governance Overview Statement

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The External Auditors have confirmed in writing that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARC evaluated the performance and independence of the External Auditors on 28 April 2025 and recommended to the Board the re-appointment of Baker Tilly as External Auditors for the FY2025.

The ARC members reviewed the Company's quarterly and year-end financial statements of the Group before submission to the Board, focusing particularly on:

- Any changes in or implementation of major accounting policies and practices;
- The going concern assumption;
- Integrity of financial statements;
- Compliance with accounting standards and other legal requirements; and
- Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters were addressed.

During the FY2025, the ARC members have continued to participate in training programmes to keep abreast with the current developments of the accounting and auditing standards, practices and rules.

Risk Management and Internal Control Framework

The Board retains full responsibility over the Group's risk management and internal control framework, which the ARC is tasked to discuss and update the report on risk management of the Company every quarter, when significant risks have been identified or there has been a change in the risk profiles. The Board is required to review the adequacy and integrity of the Group's risk management and internal control framework.

The Statement on Risk Management and Internal Control is set out on pages 75 to 77 of this Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. Reviews on the key risks identified were conducted to ensure proper management of risks within an acceptable risk profile and that measures are taken to mitigate any weaknesses.

To assist the Board in maintaining a sound system of risk management and internal control for the purposes of safeguarding shareholders' investment and the Company's assets, the Company outsourced the internal audit function to T.H. Kuan & Co.

The Head of Internal Audit reports directly to the ARC and assists the ARC in the discharge of its duties and responsibilities. Internal audit reports are presented, together with audit findings and recommendations as well as Management's response and proposed action plans, to the ARC on a quarterly basis. The evaluation of the effectiveness of the internal audit function is conducted annually by the ARC.

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

Communication with stakeholders

The Company acknowledges that effective investor relations are essential in enhancing shareholder values.

The Board has implemented corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities and practices adopted by the market as well as to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

Corporate Governance **Overview Statement**

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To this end, the Board provides the Company's shareholders with timely releases of financial results on a quarterly basis and announcements on the Group's performance. While the Company endeavours to provide as much information as possible, it is also mindful of the legal and regulatory framework governing release of material and price sensitive information.

Corporate and financial information of the Group is available to shareholders and the public through the Group's website at www.smis.com.my.

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders have direct access to the Directors and are provided with sufficient opportunity and time to participate through questions on future prospects, performance of the Group, and other matters of concern. Members of the Board as well as the External Auditors are present to provide answers and clarifications at the meeting.

General Meetings

The AGM is a principal forum for a two-way communication between the shareholders and the Management of the Group. Shareholders are provided with an opportunity to participate in the question-and-answer session in which they may raise questions pertaining to the Group's businesses and affairs.

Notices of each general meeting are issued in a timely manner to all shareholders to ensure that they have sufficient time to prepare for and consider the issues to be raised during the meeting.

The Company conducted its Twenty-Sixth ("26th") AGM physically, with all Directors of the Company present in person. The Board Chairman, the Chairmen of the Board Committees, and the representative of the External Auditors were present to respond to shareholders' questions during the 26th AGM. Shareholders took the opportunity to raise questions on the agenda items as well as on the current and future developments of the Group. All questions raised were addressed by the Chairman of the Board, who provided the necessary clarifications.

In line with the recommendations of the MCCG, the 26th AGM notice of the Company was served more than twenty-eight (28) days prior to the meeting. This exceeds the minimum notice period of twenty-one (21) days stipulated under Section 316(2) of the Companies Act 2016 and Paragraph 7.15 of the MMLR of Bursa Securities for public companies and listed issuers, respectively.

When there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the 26th AGM under the explanatory notes.

The outcome of all resolutions proposed at the 26th AGM was announced to Bursa Securities at the end of the meeting day.

The minutes of the 26th AGM held on 19 June 2025 was made available to the shareholders within 30 business days after the 26th AGM of the Company's website at www.smis.com.my.

LOOKING AHEAD

The Board is mindful of the need to continually strengthen its governance practices and processes in identified key focus areas and future priorities as part of its forward-looking strategies. Moving forward, these practices will be constantly reviewed and strengthened where needed. The areas to be prioritised would be those principles which have not been adopted by the Company as disclosed in Corporate Governance Report 2025.

Corporate Governance Overview Statement

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ADDITIONAL COMPLIANCE CONFIRMATION

a) Material Contracts Involving Directors' and Major Shareholders' Interest

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by SMIS and/or its subsidiary companies which involve Directors' and major shareholders' interests either still subsisting at the end of the FY2025 or entered into since the end of the previous financial year.

b) Recurrent Related Party Transactions

The details of the transactions with related parties undertaken by the Company during the FY2025 are disclosed in Note 27 on page 138 to 139 of the notes to the financial statements and in Part A of the Circular/Statement to shareholders, dated 30 April 2026.

c) Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the External Auditors by the Company and the Group for the FY2025 are as follows:-

	Group (RM)	Company (RM)
Audit Fees	257,000	65,000
Non-Audit Fees	6,000	6,000
Total	263,000	7,000

d) Utilisation of Proceeds

There were no proceeds raised from any proposal during the FY2025.

This Statement is approved by the Board on 29 April 2026.

Audit And Risk Committee Report

The Board is pleased to present the Audit and Risk Committee (“ARC”) Report for the FY2025 in accordance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance (“MCCG”).

The ARC provides assistance to the Board in ensuring timely and accurate financial reporting, proper implementation of risk management policies and strategies in relation to the Group’s business strategies and oversight of risk and internal control. It also reviews the Group’s compliance with legal and regulatory requirements.

COMPOSITION AND MEETING ATTENDANCE

The ARC comprises entirely of Independent Non-Executive Directors. Members of the ARC and details of their attendance at meetings during FY2025 are as follows:

Composition of Committee	No. of Meetings Attended
Tan Hock Soon Chairman (<i>Independent Non-Executive Director</i>)	5/5
Oei Kok Eong Member (<i>Independent Non-Executive Director</i>)	5/5
Tan Yi Woan Member (<i>Independent Non-Executive Director</i>)	5/5

The Chairman of the ARC, Mr Tan Hock Soon, is an Independent Non-Executive Director and is a fellow member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. All members of the ARC are financially literate and are able to understand matters under the purview of the ARC including the financial reporting process to effectively discharge their duties and responsibilities as members of the ARC. No alternate director is a member of the ARC.

The ARC held five (5) meetings during FY2025. The meetings were appropriately structured through the use of agendas and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice.

The Executive Directors, Group Financial Controller, representatives of the Internal Auditors and External Auditors would normally attend the meetings to facilitate direct communication and to provide clarifications on unaudited quarterly financial statements, audit issues, operations of the Group and internal audit reports. From time to time, other Senior Management and employees may attend the meetings upon invitation by the ARC.

Minutes of each ARC meeting were recorded and tabled for confirmation at the next ARC meeting, which shall then be tabled to the Board for notation in the same quarter of the Board Meeting. The ARC Chairman reports to the Board on activities undertaken and key recommendations for the Board’s consideration and decision.

The composition of the ARC is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Securities and adopts the Step Up Practice 9.4 under Principle B of the MCCG.

TERMS OF REFERENCE OF THE ARC

The information on the Terms of Reference of the ARC is available on the Company’s website at www.smis.com.my.

Audit And Risk Committee Report

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SUMMARY OF WORKS OF THE ARC

In accordance with the Terms of Reference of the ARC, the ARC had discharged its functions and duties and undertaken the following works to meet its responsibilities during FY2025:

1. Financial Reporting

- (a) Reviewed the quarterly unaudited financial results of the Group with the Executive Directors and Management prior to recommending them for approval by the Board.
- (b) Reviewed the annual audited financial statements of the Group with the External Auditors prior to tabling them to the Board for their consideration and approval.

2. External Audit

- (a) Reviewed the Audit Planning Memorandum of the External Auditors and the scope of their audits, including any changes to the nature and scope of the audit plan. Met with the External Auditors twice without the presence of Executive Directors and Management.
- (b) Reviewed the overall performance of the External Auditors, including assessment of their independence, objectivity and effectiveness and the services provided, including non-audit services and corresponding fees.
- (c) Reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for approval.
- (d) Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report.
- (e) Received from the External Auditors their written assurance confirming their independence to the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (f) Reviewed the Audit Review Memorandum of the External Auditors in relation to audit and accounting issues arising from the audit and the Management's response before recommending to the Board for approval, including the Key Audit Matters.

3. Internal Audit

- (a) Reviewed the adequacy of scope, competency and resources of the internal audit function. Met with the Internal Auditors twice without the presence of Executive Directors and Management.
- (b) Reviewed and approved the internal audit plan prepared by the Internal Auditors.
- (c) Reviewed internal audit reports which outlined recommendations towards correcting areas of weaknesses and ensured that management action plans were established for the implementation of internal auditors' recommendations.
- (d) Reviewed the follow-up reports on status of the implementation of action plans by the Management in addressing the areas for improvements as reported from the previous audit reviews.
- (e) Reviewed the results of the risk management exercise carried out for the Group.
- (f) Reviewed the overall performance of the Internal Auditors, including assessment of their independence, technical competency and sufficiency of resources to carry out their work.

Audit And Risk Committee Report

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4. Related Party Transactions

- (a) Reviewed related party transactions and recurrent related party transactions entered into by the Company and the Group, taking into consideration actual and potential conflict of interest situations that may arise.
- (b) Reviewed the Circular to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for the Board's approval.

5. Ethical and Integrity Areas

The ARC reviewed any whistleblowing cases for FY2025. However, the ARC did not receive any reports under the Whistleblowing Policy for the period. The ARC would take such matters seriously and ensure proper implementation of the policy and protection of confidentiality as set out in the aforesaid policy.

6. Corporate Governance

- (a) Reviewed disclosure statements in the ARC Report, Statement on Risk Management and Internal Control, Corporate Governance ("CG") Overview Statement, CG Report and Directors' Responsibility Statement in respect of the Audited Financial Statements for FY2025 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2025 prior to recommending them to the Board for adoption.
- (b) Reviewed the Circular/Statement to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature and Statement to Shareholders in relation to the proposed share buy-back prior to recommending them for the Board's approval.
- (c) Received updates from the External Auditors on developments in disclosure requirements arising from the revised Auditors Reporting Standards and amendments to the MMLR of Bursa Securities affecting the contents of the ARC Report in annual reports, particularly on enhancement of disclosure on non-financial information, key audit matters and going concern.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARC, was outsourced to T.H. Kuan & Co.

During the financial year under review, the outsourced internal audit function carried out the following audit activities:

- (a) Prepared the risk-based internal audit plan for the review and approval of the ARC.
- (b) Carried out reviews in accordance with the risk-based internal audit plan reviewed and approved by the ARC.

Details of the reviews carried out:

No.	Entities	Business Processes
1	Sanyco Grand Industries Sdn. Bhd.	i) Sales and order management ii) Property, plant and equipment management iii) Account payable management
2	Sugihara Grand Industries Sdn. Bhd.	i) Sales and order management ii) Property, plant and equipment management iii) Account payable management
3	Grand Carpet Industries Sdn. Bhd.	i) Sales and order management ii) Property, plant and equipment management iii) Account payable management
4	PT Grand Sugihara Techno	i) Sales and order management ii) Property, plant and equipment management iii) Account payable management

Audit And Risk Committee Report

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Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's responses and proposed action plans, to the ARC for their review at the quarterly ARC meetings. The outsourced internal audit function also carried out follow-up reviews and reported to the ARC on the status of implementation of action plans pursuant to the recommendations highlighted in the internal audit reports.

Based on the internal audit reviews conducted, although a number of internal control deficiencies were identified during the reviews, none of the weaknesses resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

The total professional fees paid for the outsourced internal audit function for FY2025 was RM56,600 (FY2024 - RM56,600).

In addition, the Internal Auditors met the ARC on 28 February 2025 and 28 August 2025 without the executive members of the Board and Management team being present to discuss audit related matters. The Internal Auditors reported that there were no issues requiring their attention other than those reported in the audit findings.

CONTINUOUS TRAINING DEVELOPMENT

To enable the ARC to fulfill their roles effectively, all its members attended various seminars and training programmes during the year. Details of the trainings are disclosed in the CG Overview Statement in this Annual Report.

EVALUATION OF THE ARC

Each ARC member performed the self-evaluation assessment and the results were tabled to the Nomination Committee ("NC") for review and discussion prior to presenting the summary of the assessment report to the Board for evaluation. The ARC members carried out their duties and responsibilities in accordance with the Terms of Reference and the Board was satisfied with their performance throughout FY2025.

This report is made in accordance with the approval of the Board of Directors dated 29 April 2026.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of SMIS is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of its risk management and internal controls of the Group during the FY2025.

This Statement on Risk Management and Internal Control was made pursuant to Paragraph 15.26 (b), Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and in accordance with Part II of Principle B of the Malaysian Code on Corporate Governance (“MCCG”) and the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group’s internal control and risk management systems, which includes the establishment of an appropriate internal control environment and framework that covers not only financial controls but also operational, organisational and compliance controls. The Board reviews the integrity, effectiveness and adequacy of these systems to determine the Group’s level of risk appetite and tolerance and actively identifies, assesses and monitors key business risks to ensure that the Group’s assets and the shareholders’ interests are safeguarded.

Given that there are inherent limitations in any system of risk management and internal controls, the systems put into effect by Management can only manage and reduce but cannot totally eliminate all the risks of failure to achieve the Group’s business objectives. Consequently, the system can only provide reasonable but not absolute assurance against material misstatement, losses or fraud.

The process of identifying, evaluating and managing the significant risks is a concerted and continuing effort throughout the financial year under review. The Board will constantly be proactive to enforce and strengthen the Group’s risk management and internal control system.

KEY FEATURES OF THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. Risk Management Framework

The Board recognises that effective risk management is essential to the achievement of the Group’s corporate objectives in today’s challenging business environment and forms an integral part of the Group’s daily operations and performance. Accordingly, the Board has established an appropriate risk management framework to ensure that key risks are systematically identified, assessed and managed through relevant controls.

While the Board retains ultimate responsibility for risk oversight, Key Management Personnel and Heads of Department are entrusted with the implementation of the Group’s risk management and internal control systems within defined parameters and standards. A broad range of risks, including financial, operational, regulatory compliance, reputational, cyber security and sustainability-related risks, are evaluated and deliberated at periodic management meetings attended by the Executive Directors, Key Management Personnel and Heads of Department. Significant risks and related mitigation measures are subsequently communicated to the Board at its scheduled meetings, in consultation with the Audit and Risk Committee (“ARC”).

Sustainability-related risks and opportunities, including environmental, social and governance (“ESG”) matters, are identified, assessed and managed as an integral part of the Group’s overall risk management framework. The Board provides oversight of sustainability matters, while Management is responsible for integrating relevant sustainability considerations into business strategies, operations and risk management processes in accordance with applicable regulatory requirements and guidelines. Key sustainability risks are monitored through established governance, control and reporting mechanisms, and progress on sustainability initiatives is reviewed periodically by the Board.

During the FY2025, the Group conducted a risk assessment exercise and updated its Key Risk Profile, which was reported to the ARC. The Board acknowledges that sustainability management is an evolving area and remains committed to progressively strengthening the Group’s risk management practices and disclosures over time. Based on the processes in place during the financial year under review, the Board is satisfied that significant risks, including sustainability-related risks, were managed in a reasonable and appropriate manner.

Statement on Risk Management and Internal Control

cont'd

2. Internal Control System

Apart from having periodic internal audits, key elements of the Company's internal control systems are as follows:-

- An organisational structure which clearly defines the segregation of roles and responsibilities, lines of accountability and levels of authority to promote effective and independent stewardship.
- Rigorous review of key information such as financial performance, key business indicators, management accounts and detailed budgets by the Board and the ARC.
- The ARC members are all Independent Non-Executive Directors, and the Chairman of the ARC is not the Chairman of the Board. The ARC members bring a wide range of knowledge, expertise and experience from various industries and backgrounds. They regularly review the risk management and internal control activities of the Group.
- The Executive Directors are closely involved in the running of business and operations of the Group. They report to the Board on significant changes in the business and external environment which may affect the operations of the Group at large.
- Timely and effective internal reporting involving the services of qualified professionals such as Auditors and Internal Auditors.
- Operation review meetings are held by the management on a monthly basis to monitor the progress of business operations against the operating plans, deliberate significant issues and formulate appropriate measures.
- The Carpet division within Automotive segment is reviewed and certified by ISO 9001:2015 and IATF 16949:2016 where they meet specific requirements for quality management system and demonstrate their abilities to consistently provide products that meet customers' and applicable regulatory requirements. These certifications enhance customers' satisfaction through effective application of the system, including processes for continual improvement of the system and assurance of conformity to customers' and applicable regulatory requirements. The said business division is also ISO 14001:2015 certified, where it meets specific requirements for environmental management standards and demonstrates its ability to establish, implement, maintain and improve its environmental management system to conform with its stated environmental policy.
- The Braking Component division within Automotive segment is reviewed and certified by ISO 9001:2015, IATF 16949:2016 and AS9100 (quality management system for the aerospace industry).

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional services firm to assist the Board and the ARC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditors' reports were presented directly to the ARC. The scope of review of the outsourced internal audit function is determined and approved by the ARC.

During the FY2025, the internal audit function, led by the outsourced Internal Auditors, performed reviews in accordance with the internal audit plan approved by the ARC. Findings from the internal audit reviews, including the recommended improvements, were presented to the ARC at their quarterly scheduled meetings and would thereafter be reported with recommendations to the Board. In addition, follow-up visits were conducted to ensure that corrective actions have been implemented in a timely manner. A description of the internal audit function's activities during the FY2025 can be found in the ARC Report included in this Annual Report.

Based on the results of internal audit reviews, identified issues in internal control have been adequately addressed. Heads of Department continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

Statement on Risk Management and Internal Control

cont'd

ASSURANCE FROM MANAGEMENT

The Executive Directors and the Group Financial Controller have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management framework adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the Annual Report of the Company for the FY2025 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls included in the Annual Report. Their work performed are restricted to the requirements by Paragraph 15.23 of the MMLR of Bursa Securities.

Based on their review, the External Auditors have reported that nothing has come to their attention that causes them to believe that the Statement of Risk Management and Internal Control intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor it is factually inaccurate.

CONCLUSION

For the year under review, the Board is of the view that the Group's system of internal control is adequate to safeguard shareholders' interests and the Group's assets. However, the Board is also aware that internal control systems and risk management practices must be evaluated periodically, and continuously evolve to ensure their continued effectiveness to meet dynamic changes in the business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the internal control system and risk management framework.

This statement is approved by the Board of Directors on 29 April 2026.

Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 (the "Act") to prepare the financial statements for the FY2025 which have been prepared in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Securities.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the SMIS Group as at 31 December 2025, and of the financial performance and cash flows of the SMIS Group for the FY2025.

In preparing the financial statements, the Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been adopted; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the SMIS Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the SMIS Group in accordance with the Act. The Directors are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries include manufacturing and trading of carpet of all descriptions, manufacturing of automotive braking components and motorcycle components, trading of machinery and industrial parts supplies and investment holding.

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

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year, net of tax	4,635	(935)
Attributable to:		
Owners of the Company	3,035	(935)
Non-controlling interests	1,600	-
	4,635	(935)

DIVIDENDS

At the forthcoming Annual General Meeting, a final single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2025 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps 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 had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Directors' Report

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CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM263,000 and RM71,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

Directors' Report

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ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2025, the Company held 2,637,000 treasury shares out of its total number of issued shares. Such treasury shares are held at a carrying amount of RM1,192,000. Further details are disclosed in Note 15 to the financial statements.

DIRECTORS

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

Ng Wai Kee*
Yap Siew Foong*
Oei Kok Eong
Tan Hock Soon
Tan Yi Woan

** Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Masatsugu Izumi
Robert Koong Yin Leong
Shunzo Ishii
Soo Hak Min
Beh Kiang Hoo
Azlan Bin Mohd Ali
Yamaguchi Shozo
Lee Wan Jin
Ho Harn Ping

(Appointed on 7 April 2025)
(Appointed on 9 May 2025)
(Appointed on 23 July 2025)
(Appointed on 25 August 2025)
(Appointed on 31 August 2025)

Directors' Report

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DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in the shares of the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1 January 2025	Bought	Sold	At 31 December 2025
Direct interests:				
Ng Wai Kee	1,550,900	-	-	1,550,900
Yap Siew Foong	1,263,730	-	-	1,263,730
Indirect interests:				
Yap Siew Foong*	15,680,000	-	-	15,680,000

* Shares held through a company in which the director has substantial financial interests.

By virtue of her interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Yap Siew Foong is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown as below) 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.

The directors' benefits of the Group and the Company were as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive directors		
- Other emoluments	1,376	-
Non-executive directors		
- Fees	164	164
- Other emoluments	18	18
	182	182
Directors of the subsidiaries		
Executive directors		
- Other emoluments	1,857	-
	3,415	182

Directors' Report

cont'd

DIRECTORS' BENEFITS *cont'd*

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is 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 TO DIRECTORS AND KEY MANAGEMENT

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and key management of the Company were RM5,000,000 and RM10,500 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activities
		2025 %	2024 %	
<i>Direct subsidiaries</i>				
Grand Carpet Industries Sdn. Bhd.	Malaysia	100	100	Trading of carpet of all descriptions
Sanyco Grand Industries Sdn. Bhd.	Malaysia	54	100	Manufacturing of automotive braking components and motorcycle components
Machinery & Industrial Supplies Sdn. Bhd.	Malaysia	100	100	Trading of machinery and industrial parts supplies
Sugihara Grand Industries Sdn. Bhd.	Malaysia	60	60	Manufacturing and trading of carpet of all descriptions
Cendana Eksotik Sdn. Bhd.	Malaysia	100	100	Investment holding
PT Grand Sugihara Techno #	Indonesia	60	60	Manufacturing and selling of automotive floor carpet assy, trunk trims and luggage mats
<i>Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd. and Grand Carpet Industries Sdn. Bhd.</i>				
SMIS Grand Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding

Directors' Report

cont'd

SUBSIDIARIES *cont'd*

The details of the Company's subsidiaries are as follows: *cont'd*

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activities
		2025 %	2024 %	
<i>Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Zusma Plastics #	Indonesia	100	100	Dormant
<i>Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Sanyco Grand Indonesia ^	Indonesia	100	100	Dormant
<i>Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd., Cendana Eksotik Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Grand Ventures Hartamas #	Indonesia	100	100	Investment holding

Audited by an independent member firm of Baker Tilly International.

^ Not required to be audited in its country of incorporation. The management accounts have been reviewed for consolidation purpose.

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(a) Disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. by the Company

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement ("SSA") with Yamaguchi Mfg Co. Ltd. for the disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369.

All the terms and conditions as stipulated in the SSA have been fulfilled and the disposal has been completed on 25 March 2025. Following the disposal, Sanyco became a 54%-owned subsidiary of the Company.

Directors' Report

cont'd

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

NG WAI KEE
Director

YAP SIEW FOONG
Director

Date: 29 April 2026

Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	31,694	31,213	-	-
Right-of-use assets	6(a)	11,550	13,743	-	-
Intangible asset	7	1,207	1,453	-	-
Investment in subsidiaries	8	-	-	63,072	69,687
Deferred tax assets	9	35	5	-	-
Total non-current assets		44,486	46,414	63,072	69,687
Current assets					
Inventories	10	17,656	20,107	-	-
Tax recoverable		2,530	1,437	47	7
Trade and other receivables	11	28,139	24,365	4,341	4,164
Prepayments		794	761	7	7
Other investments	12	7,123	-	5,089	-
Cash and short-term deposits	13	45,941	45,055	3,632	4,170
Total current assets		102,183	91,725	13,116	8,348
TOTAL ASSETS		146,669	138,139	76,188	78,035
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Company					
Share capital	14	49,691	49,691	49,691	49,691
Treasury shares	15	(1,192)	(1,192)	(1,192)	(1,192)
Reserves	16	32,214	31,842	21,462	22,397
		80,713	80,341	69,961	70,896
Non-controlling interests		27,931	22,241	-	-
TOTAL EQUITY		108,644	102,582	69,961	70,896

Statements of Financial Position

As at 31 December 2025

cont'd

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current liabilities					
Loans and borrowings	17	3,633	4,271	-	-
Lease liabilities	6(b)	776	1,494	-	-
Deferred tax liabilities	9	784	887	-	-
Provision for post-employment benefit	18	118	84	-	-
Total non-current liabilities		5,311	6,736	-	-
Current liabilities					
Loans and borrowings	17	1,131	915	-	-
Lease liabilities	6(b)	1,345	717	-	-
Trade and other payables	19	30,238	27,189	6,227	7,139
Total current liabilities		32,714	28,821	6,227	7,139
TOTAL LIABILITIES		38,025	35,557	6,227	7,139
TOTAL EQUITY AND LIABILITIES		146,669	138,139	76,188	78,035

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

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	20	139,577	157,198	1,020	3,878
Cost of sales		(119,021)	(131,848)	-	-
Gross profit		20,556	25,350	1,020	3,878
Other operating income		1,950	1,453	1,371	-
Administrative and distribution expenses		(16,417)	(15,090)	(787)	(580)
Other operating expenses		(733)	(2,732)	-	(59)
Net reversal of impairment losses/ (impairment losses) on financial instruments		19	(17)	-	8
Net impairment losses on investment in subsidiaries		-	-	(2,826)	(332)
Operating profit/(loss)	21	5,375	8,964	(1,222)	2,915
Finance income		818	429	229	11
Finance costs	22	(483)	(300)	- *	-
Profit/(Loss) before tax		5,710	9,093	(993)	2,926
Income tax (expense)/credit	23	(1,075)	(2,992)	58	-
Profit/(Loss) for the financial year		4,635	6,101	(935)	2,926
Other comprehensive loss, net of tax <i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(2,964)	(1,569)	-	-
Total comprehensive income/(loss) for the financial year		1,671	4,532	(935)	2,926
Profit/(Loss) attributable to:					
Owners of the Company		3,035	2,820	(935)	2,926
Non-controlling interests		1,600	3,281	-	-
		4,635	6,101	(935)	2,926
Total comprehensive income/(loss) attributable to:					
Owners of the Company		479	1,486	(935)	2,926
Non-controlling interests		1,192	3,046	-	-
		1,671	4,532	(935)	2,926
Earnings per share attributable to owners of the Company (sen):					
Basic	24(a)	7.20	6.69		
Diluted	24(b)	7.20	6.69		

* Represented by amount less than RM1,000

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

Group	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	
At 1 January 2025	49,691	(1,192)	(987)	32,829	80,341	22,241	102,582
Total comprehensive (loss)/income for the financial year	-	-	-	3,035	3,035	1,600	4,635
Profit for the financial year	-	-	-	3,035	3,035	1,600	4,635
Other comprehensive loss for the financial year	-	-	(2,556)	-	(2,556)	(408)	(2,964)
Total comprehensive (loss)/income	-	-	(2,556)	3,035	479	1,192	1,671
Transaction with owners							
Dividend paid to non-controlling interests on shares of a subsidiary	-	-	-	-	-	(680)	(680)
Changes in ownership interests in subsidiaries	-	-	-	(107)	(107)	5,178	5,071
Total transaction with owners	-	-	-	(107)	(107)	4,498	4,391
At 31 December 2025	49,691	(1,192)	(3,543)	35,757	80,713	27,931	108,644

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025

cont'd

Group	Attributable to owners of the Company						Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	
At 1 January 2024	49,691	(1,192)	347	30,009	78,855	18,229	97,084
Total comprehensive (loss)/income for the financial year							
Profit for the financial year	-	-	-	2,820	2,820	3,281	6,101
Other comprehensive loss for the financial year	-	-	(1,334)	-	(1,334)	(235)	(1,569)
Total comprehensive (loss)/income	-	-	(1,334)	2,820	1,486	3,046	4,532
Transaction with owners							
Dividend paid to non-controlling interests on shares of a subsidiary	-	-	-	-	-	(524)	(524)
Changes in ownership interests in subsidiaries	-	-	-	-	-	1,490	1,490
Total transaction with owners	-	-	-	-	-	966	966
At 31 December 2024	49,691	(1,192)	(987)	32,829	80,341	22,241	102,582

Statements of Changes in Equity

For the Financial Year Ended 31 December 2025
cont'd

Company	← Attributable to owners of the Company →			
	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2024	49,691	(1,192)	19,471	67,970
Profit for the financial year, representing total comprehensive income for the financial year	-	-	2,926	2,926
At 31 December 2024	49,691	(1,192)	22,397	70,896
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(935)	(935)
At 31 December 2025	49,691	(1,192)	21,462	69,961

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		5,710	9,093	(993)	2,926
Adjustments for:					
Amortisation of intangible asset		72	101	-	-
Depreciation of:					
- property, plant and equipment		4,298	4,231	-	-
- right-of-use assets		1,627	1,625	-	-
Dividend income from subsidiaries		-	-	(1,020)	(3,878)
Fair value gain on other investments		(123)	-	(89)	-
Finance income		(818)	(429)	(229)	(11)
Finance costs		483	300	- *	-
Gain on disposal of:					
- equity interests in a subsidiary		-	-	(1,282)	-
- property, plant and equipment		(508)	(137)	-	-
Gain on termination of lease contract		- *	(1)	-	-
Impairment loss on:					
- investment in subsidiaries		-	-	2,826	332
- trade and other receivables		-	18	-	-
Inventories written-down		564	1,049	-	-
Property, plant and equipment written off		3	-	-	-
Reversal of inventories written-down		(304)	(63)	-	-
Reversal of impairment loss on trade and other receivables		(19)	(1)	-	(8)
Unrealised loss/(gain) on foreign exchange		273	(104)	17	-
Written off on trade and other receivables		-	5	-	8
Operating profit/(loss) before changes in working capital, carried forward		11,258	15,687	(770)	(631)
Changes in working capital:					
Inventories		2,191	2,147	-	-
Receivables		(4,028)	913	(177)	(2,654)
Prepayments		(33)	(53)	-	(7)
Payables		3,556	(841)	(405)	(818)
Provision for post-employment benefit		47	10	-	-
Net cash generated from/(used in) operations		12,991	17,863	(1,352)	(4,110)
Income tax paid		(2,675)	(4,222)	(83)	(6)
Income tax refunded		372	-	101	-
Interest paid		(483)	(300)	- *	-
Net cash from/(used in) operating activities		10,205	13,341	(1,334)	(4,116)

* Represented by amount less than RM1,000

Statements of Cash Flows

For the Financial Year Ended 31 December 2025
cont'd

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment		(5,905)	(7,877)	-	-
Purchase of intangible asset	(a)	-	(817)	-	-
Purchase of other investments		(7,000)	-	(5,000)	-
Addition in investment in subsidiaries		-	-	-	(2,214)
Dividend received		-	-	1,020	3,878
Interest received		818	429	229	11
Proceeds from disposal of property, plant and equipment		1,069	173	-	-
Proceeds from disposal of partial interest in a subsidiary	8(a)	4,564	-	4,564	-
Net cash (used in)/from investing activities		(6,454)	(8,092)	813	1,675
Cash flow from financing activities					
Proceeds from additional equity interest to non-controlling interests		-	1,490	-	-
Dividend paid to non-controlling interests		(680)	(524)	-	-
Drawdown of term loans	(b)	248	2,368	-	-
Repayment of term loans	(b)	(866)	(428)	-	-
Payment of lease liabilities	(b)	(1,321)	(1,381)	-	-
Net cash (used in)/from financing activities		(2,619)	1,525	-	-
Net increase/(decrease) in cash and cash equivalents		1,132	6,774	(521)	(2,441)
Cash and cash equivalents at the beginning of the financial year					
		45,055	38,385	4,170	6,611
Effect of exchange rate changes on cash and cash equivalents		(442)	(104)	(17)	-
Cash and cash equivalents at the end of the financial year					
		45,745	45,055	3,632	4,170
Analysis of cash and cash equivalents:					
Cash and bank balances	13	15,451	21,002	1,977	2,388
Deposits placed with licensed banks	13	30,490	24,053	1,655	1,782
Bank overdraft	17	(196)	-	-	-
		45,745	45,055	3,632	4,170

* Represented by amount less than RM1,000

Statements of Cash Flows

For the Financial Year Ended 31 December 2025
cont'd

(a) Purchase of intangible asset

During the financial year, the Group made the following cash payment to purchase intangible asset:

	Group	
	2025	2024
	RM'000	RM'000
Purchase of intangible asset	-	1,599
Less: Consideration payable	-	(782)
Cash payment on purchase of intangible asset	-	817

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	At 1 January RM'000	Cash flows RM'000	← Non-cash →			Foreign exchange movement RM'000	At 31 December RM'000
			Addition RM'000	Lease termination RM'000			
Group							
2025							
Term loans	5,186	(618)	-	-	-	-	4,568
Lease liabilities	2,211	(1,321)	1,236	(5)	-	-	2,121
	7,397	(1,743)	1,236	(5)	-	-	6,885
2024							
Term loans	3,246	1,940	-	-	-	-	5,186
Lease liabilities	3,403	(1,381)	221	(30)	(2)	-	2,211
	6,649	559	221	(30)	(2)	-	7,397

(c) Total cash outflows for leases as a lessee

During the financial year, the Group had a total cash outflows for leases of RM2,245,000 (2024: RM2,139,000).

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

Notes to The Financial Statements

1. CORPORATE INFORMATION

SMIS Corporation Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 3, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2026.

2. BASIS OF PREPARATION

2.1 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.

2.2 Adoption of amendments to MFRS

The Group and the Company have adopted the following applicable amendments to MFRS for the current financial year:

Amendments to MFRS

MFRS 121	The Effects of Changes in Foreign Exchange Rates
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The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

Notes to The Financial Statements

cont'd

2. BASIS OF PREPARATION *cont'd*

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128	Investments in Associates and Joint Ventures	Deferred

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss - including "operating profit", which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures ("MPMs"). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communicates about the entity's financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

Notes to The Financial Statements

cont'd

2. BASIS OF PREPARATION *cont'd*

2.3 New MFRS and amendments to MFRSs that have been issued, but yet to be effective *cont'd*

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments to MFRSs that may be applicable to the Group and the Company are summarised below. *cont'd*

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the measurement requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The Amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

- (c) The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRS and amendments to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

Notes to The Financial Statements

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

3.3 Financial instruments

Financial assets - subsequent measurement and gains and losses

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Notes to The Financial Statements

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.4 Property, plant and equipment *cont'd*

	Useful lives (years)
Buildings	20 - 50
Plant and machineries	5 - 10
Office equipment, furniture and fittings and renovation	3 - 50
Motor vehicles	3 - 10
Moulds and jigs	3 - 10

3.5 Leases

Lessee accounting

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.6 Intangible asset

Intangible asset that is acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
License	Straight-line	20

Notes to The Financial Statements

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials, consumables and trading goods: cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.8 Revenue and other income

Financing components

The Group and the Company have applied the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing components as the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods - manufacturing

The Group manufactures and trades carpets of all descriptions, automotive braking components, motorcycle components, machinery parts, industrial parts supplies, automotive floor carpet assy, trunk trims and luggage mats to customer. Revenue from sale of manufactured goods is recognised as a point in time when control of the goods has been transferred, being when the customers accept the delivery of the goods.

Sales are made with a credit term of 30 days to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the discounts, using the expected value method. The Group uses the expected value method because it is the method that the Group expects to better predict the estimated volume discounts to which it will be provided to the customers. The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group's customary business practice is to allow a customer to return any defected product and receive a full refund. The Group uses its experience in estimating returns for this product and customer class. The Group uses the expected value method because it is the method that the Group expects to better predict the amount of consideration to which the products will be refunded. With that, upon transfer the control of the product, the Group does not recognise revenue for products that it is highly probable to be returned.

(b) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised using the effective interest method.

Notes to The Financial Statements

cont'd

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.8 Revenue and other income *cont'd*

(d) Dividend income from subsidiaries

Dividend income from subsidiaries is recognised when right to receive payment is established.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

Inventories

Inventories are measured at the lower of cost and net realisable value. The review of valuation of these inventories at lower of cost and net realisable value by the directors would result in uncertain estimation in value.

The Group writes down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories is disclosed in Note 10 to the financial statements.

Notes to The Financial Statements

cont'd

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings and renovation RM'000	Motor vehicles RM'000	Moulds and jigs RM'000	Capital work-in-progress RM'000	Total RM'000
2025								
Cost								
At 1 January	5,047	15,422	65,937	15,109	2,388	21,384	5,113	130,400
Additions	-	-	1,845	1,419	300	274	2,067	5,905
Disposals	-	-	(212)	-	(660)	-	(459)	(1,331)
Written off	-	(79)	(6,153)	(2,932)	-	(4,069)	-	(13,233)
Reclassification	-	-	24	-	-	1,832	(1,856)	-
Exchange differences	-	(34)	(664)	(147)	(15)	(151)	(237)	(1,248)
At 31 December	5,047	15,309	60,777	13,449	2,013	19,270	4,628	120,493
Accumulated depreciation								
At 1 January	-	6,928	52,915	13,626	1,887	21,355	-	96,711
Depreciation charge for the financial year	-	240	2,286	566	196	1,010	-	4,298
Disposals	-	-	(202)	-	(568)	-	-	(770)
Written off	-	(79)	(6,150)	(2,932)	-	(4,069)	-	(13,230)
Exchange differences	-	(12)	(424)	(97)	(15)	(138)	-	(686)
At 31 December	-	7,077	48,425	11,163	1,500	18,158	-	86,323
Accumulated impairment loss								
At 1 January/ 31 December	-	-	2,244	208	-	24	-	2,476
Carrying amount								
At 31 December	5,047	8,232	10,108	2,078	513	1,088	4,628	31,694

Notes to The Financial Statements

cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings and renovation RM'000	Motor vehicles RM'000	Moulds and jigs RM'000	Capital work-in-progress RM'000	Total RM'000
2024								
Cost								
At 1 January	5,047	14,463	61,603	14,452	2,254	21,449	4,591	123,859
Additions	-	979	4,868	770	306	284	670	7,877
Disposals	-	-	(137)	(31)	(163)	(266)	-	(597)
Written off	-	-	(14)	(1)	-	-	-	(15)
Exchange differences	-	(20)	(383)	(81)	(9)	(83)	(148)	(724)
At 31 December	5,047	15,422	65,937	15,109	2,388	21,384	5,113	130,400
Accumulated depreciation								
At 1 January	-	6,608	51,274	13,350	1,910	20,265	-	93,407
Depreciation charge for the financial year	-	326	1,964	358	149	1,434	-	4,231
Disposals	-	-	(101)	(31)	(163)	(266)	-	(561)
Written off	-	-	(13)	(1)	-	-	-	(14)
Exchange differences	-	(6)	(209)	(50)	(9)	(78)	-	(352)
At 31 December	-	6,928	52,915	13,626	1,887	21,355	-	96,711
Accumulated impairment loss								
At 1 January/ 31 December	-	-	2,244	208	-	24	-	2,476
Carrying amount								
At 31 December	5,047	8,494	10,778	1,275	501	5	5,113	31,213

Notes to The Financial Statements

cont'd

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Assets pledged as security

Freehold land and buildings of the Group with carrying amounts of RM6,534,000 (2024: RM6,610,000) have been pledged to licensed banks as security for banking facilities granted to subsidiaries as disclosed in Note 17 to the financial statements.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group recognises right-of-use assets and lease liabilities with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

(a) Right-of-use assets

The Group leases several assets including leasehold land, buildings, land use rights, computers and plant and machinery.

Information about leases for which the Group are lessee is presented below:

Group	Leasehold land RM'000	Buildings RM'000	Land-use rights RM'000	Computers RM'000	Plant and machinery RM'000	Total RM'000
2025						
Cost						
At 1 January	1,460	4,437	13,096	-	-	18,993
Additions	-	1,236	-	-	-	1,236
Derecognition	-	(869)	-	-	-	(869)
Exchange differences	-	(416)	(1,547)	-	-	(1,963)
At 31 December	1,460	4,388	11,549	-	-	17,397
Accumulated depreciation						
At 1 January	465	1,647	3,138	-	-	5,250
Depreciation charge for the financial year	16	1,236	375	-	-	1,627
Derecognition	-	(864)	-	-	-	(864)
Exchange differences	-	(146)	(20)	-	-	(166)
At 31 December	481	1,873	3,493	-	-	5,847
Carrying amount						
At 31 December	979	2,515	8,056	-	-	11,550

Notes to The Financial Statements

cont'd

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *cont'd*

(a) Right-of-use assets *cont'd*

Group	Leasehold land RM'000	Buildings RM'000	Land-use rights RM'000	Computers RM'000	Plant and machinery RM'000	Total RM'000
2024						
Cost						
At 1 January	1,460	4,816	13,954	256	73	20,559
Additions	-	221	-	-	-	221
Derecognition	-	(355)	-	(256)	(73)	(684)
Exchange differences	-	(245)	(858)	-	-	(1,103)
At 31 December	1,460	4,437	13,096	-	-	18,993
Accumulated depreciation						
At 1 January	449	852	2,737	219	73	4,330
Depreciation charge for the financial year	16	1,159	413	37	-	1,625
Derecognition	-	(326)	-	(256)	(73)	(655)
Exchange differences	-	(38)	(12)	-	-	(50)
At 31 December	465	1,647	3,138	-	-	5,250
Carrying amount						
At 31 December	995	2,790	9,958	-	-	13,743

(i) Lease term

The leasehold land and buildings generally have lease terms between 30 and 99 years.

The Group has land-use rights over two plots of state-owned land in the Republic of Indonesia, with unexpired lease period of 23 years and 24 years respectively.

(b) Lease liabilities

	Group	
	2025 RM'000	2024 RM'000
Non-current:		
Lease liabilities	776	1,494
Current:		
Lease liabilities	1,345	717
	2,121	2,211

Notes to The Financial Statements

cont'd

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *cont'd*

(b) Lease liabilities *cont'd*

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2025 RM'000	2024 RM'000
Minimum lease payments:		
Not later than one year	2,273	1,031
Later than one year and not later than 5 years	3,136	1,703
	5,409	2,734
Less: Future finance charges	(3,288)	(523)
Present value of minimum lease payments	2,121	2,211
Present value of minimum lease payments:		
Not later than one year	1,345	717
Later than one year and not later than 5 years	776	1,494
	2,121	2,211
Less: Amount due within 12 months	(1,345)	(717)
Amount due after 12 months	776	1,494

7. INTANGIBLE ASSET

Group	License RM'000
2025	
Cost	
At 1 January	1,550
Exchange differences	(190)
At 31 December	1,360
Accumulated amortisation	
At 1 January	97
Amortisation charge for the financial year	72
Exchange differences	(16)
At 31 December	153
Carrying amount	
At 31 December	1,207

Notes to The Financial Statements

cont'd

7. INTANGIBLE ASSET *cont'd*

Group	License RM'000
2024	
Cost	
At 1 January	-
Addition	1,599
Exchange differences	(49)
At 31 December	1,550
Accumulated amortisation	
At 1 January	-
Amortisation charge for the financial year	101
Exchange differences	(4)
At 31 December	97
Carrying amount	
At 31 December	1,453

According to the Technical Support Agreement, Sugihara Co. Ltd granted the subsidiary of the Group, PT Grand Sugihara Techno ("PT GST") an exclusive license to provide the technical information necessary for designing and manufacturing products at the factory. This agreement is valid for 20 years.

Amortisation

The amortisation of the license of the Group amounting to RM72,000 (2024: RM101,000) is included in administrative expenses.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
At cost		
Unquoted shares		
At 1 January	83,879	81,665
Addition	-	2,214
Disposal	(3,789)	-
At 31 December	80,090	83,879
Accumulated impairment losses		
At 1 January	14,192	13,860
Impairment loss for the financial year	2,826	332
At 31 December	17,018	14,192
Carrying amount		
At 31 December	63,072	69,687

Notes to The Financial Statements

cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activities
		2025 %	2024 %	
<i>Direct subsidiaries</i>				
Grand Carpet Industries Sdn. Bhd.	Malaysia	100	100	Trading of carpet of all descriptions
Sanyco Grand Industries Sdn. Bhd.	Malaysia	54	100	Manufacturing of automotive braking components and motorcycle components
Machinery & Industrial Supplies Sdn. Bhd.	Malaysia	100	100	Trading of machinery and industrial parts supplies
Sugihara Grand Industries Sdn. Bhd.	Malaysia	60	60	Manufacturing and trading of carpet of all descriptions
Cendana Eksotik Sdn. Bhd.	Malaysia	100	100	Investment holding
PT Grand Sugihara Techno #	Indonesia	60	60	Manufacturing and selling of automotive floor carpet assy, trunk trims and luggage mats
<i>Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd. and Grand Carpet Industries Sdn. Bhd.</i>				
SMIS Grand Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
<i>Direct subsidiary and indirect subsidiary held through Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Zusma Plastics #	Indonesia	100	100	Dormant
<i>Indirect subsidiaries held through Machinery & Industrial Supplies Sdn. Bhd.</i>				
Plaspoint Sdn. Bhd. *	Malaysia	-	99.87	Dormant

Notes to The Financial Statements

cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activities
		2025 %	2024 %	
<i>Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Sanyco Grand Indonesia [^]	Indonesia	100	100	Dormant
<i>Indirect subsidiary held through SMIS Grand Ventures Sdn. Bhd., Cendana Eksotik Sdn. Bhd. and Machinery & Industrial Supplies Sdn. Bhd.</i>				
PT Grand Ventures Hartamas [#]	Indonesia	100	100	Investment holding

Audited by an independent member firm of Baker Tilly International.

[^] Not required to be audited in its country of incorporation. The management accounts have been reviewed for consolidation purpose.

* The subsidiary has been struck off on 10 February 2025.

(a) Disposal of 2,300,000 ordinary shares, representing 46% of total issued share capital in Sanyco Grand Industries Sdn. Bhd.

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement (“SSA”) with Yamaguchi Mfg Co. Ltd. for the disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. (“Sanyco”), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369.

All the terms and conditions as stipulated in the SSA have been fulfilled and the disposal has been completed on 25 March 2025. Following the disposal, Sanyco became a 54%-owned subsidiary of the Company.

(i) Effect of the decrease in the Company’s ownership interest is as follows:

	RM'000
Fair value of consideration	5,071
Change in share of net assets	(5,178)
Difference charged directly to equity	(107)

Notes to The Financial Statements

cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

(a) Disposal of 2,300,000 ordinary shares, representing 46% of total issued share capital in Sanyco Grand Industries Sdn. Bhd. *cont'd*

(ii) Consideration for disposal of partial interest in a subsidiary

	RM'000
Fair value of consideration received	5,071
Less: Non-cash consideration	(507)
Cash proceeds from disposal of partial interest in a subsidiary	<u>4,564</u>

(b) Non-controlling interests in subsidiaries

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interests held by non-controlling interests:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective ownership interest	
		2025 %	2024 %
Sanyco Grand Industries Sdn. Bhd.	Malaysia	46	-
Sugihara Grand Industries Sdn. Bhd.	Malaysia	40	40
PT Grand Sugihara Techno	Indonesia	40	40
Plaspoint Sdn. Bhd.	Malaysia	-	0.13

Carrying amounts of non-controlling interests:

Name of subsidiaries	2025	2024
	RM'000	RM'000
Sanyco Grand Industries Sdn. Bhd.	4,801	-
Sugihara Grand Industries Sdn. Bhd.	20,929	19,341
PT Grand Sugihara Techno	2,201	2,900
Others	-	- *
	<u>27,931</u>	<u>22,241</u>

* Represented by amount less than RM1,000

Notes to The Financial Statements

cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

(b) Non-controlling interests in subsidiaries *cont'd*

Total comprehensive (loss)/income allocated to non-controlling interests:

Name of subsidiaries	2025 RM'000	2024 RM'000
Sanyco Grand Industries Sdn. Bhd.	(375)	-
Sugihara Grand Industries Sdn. Bhd.	2,267	3,253
PT Grand Sugihara Techno	(700)	(210)
Others	-	3
	1,192	3,046

(c) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

	Sanyco Grand Industries Sdn. Bhd. RM'000	Sugihara Grand Industries Sdn. Bhd. RM'000	PT Grand Sugihara Techno RM'000
Summarised statements of financial position			
As at 31 December 2025			
Non-current assets	7,707	19,595	6,249
Current assets	18,463	53,208	8,350
Non-current liabilities	(2,871)	(5,815)	(723)
Current liabilities	(12,861)	(14,666)	(8,373)
Net assets	10,438	52,322	5,503
Summarised statements of comprehensive income			
Financial year ended 31 December 2025			
Revenue	44,563	72,705	17,914
(Loss)/Profit for the financial year	(708)	5,667	(728)
Total comprehensive (loss)/income	(708)	5,667	(1,751)
Summarised cash flows information			
Financial year ended 31 December 2025			
Cash flows from operating activities	147	10,740	1,278
Cash flows (used in)/from investing activities	(2,325)	(2,474)	- *
Cash flows used in financing activities	(1,026)	(3,598)	(738)
Net (decrease)/increase in cash and cash equivalents	(3,204)	4,668	540
Dividends paid to non-controlling interests	-	(680)	-

* Represented by amount less than RM1,000

Notes to The Financial Statements

cont'd

8. INVESTMENT IN SUBSIDIARIES *cont'd*

(c) Summarised financial information of material non-controlling interests *cont'd*

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows: *cont'd*

	Sugihara Grand Industries Sdn. Bhd. RM'000	PT Grand Sugihara Techno RM'000
Summarised statements of financial position		
As at 31 December 2024		
Non-current assets	20,020	10,282
Current assets	49,414	8,058
Non-current liabilities	(7,409)	(1,411)
Current liabilities	(13,671)	(9,679)
Net assets	<u>48,354</u>	<u>7,250</u>
Summarised statements of comprehensive income		
Financial year ended 31 December 2024		
Revenue	88,285	20,917
Profit/(Loss) for the financial year	8,132	(73)
Total comprehensive income/(loss)	<u>8,132</u>	<u>(525)</u>
Summarised cash flows information		
Financial year ended 31 December 2024		
Cash flows from operating activities	14,219	1,128
Cash flows used in investing activities	(5,195)	(3,603)
Cash flows (used in)/from financing activities	(515)	2,850
Net increase in cash and cash equivalents	<u>8,509</u>	<u>375</u>
Dividends paid to non-controlling interests	<u>(524)</u>	<u>-</u>

Notes to The Financial Statements

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9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Deferred tax assets	35	5
Deferred tax liabilities	(784)	(887)
	(749)	(882)

The net movement in deferred tax credited and charged to the profit and loss are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	(882)	(506)
Recognised in profit or loss (Note 23)		
- temporary differences between net carrying amounts and the corresponding tax written down values of assets	5	49
- other deductible temporary differences	130	(428)
	135	(379)
Foreign exchange differences	(2)	3
At 31 December	(749)	(882)

The deferred tax assets and liabilities are made up of temporary differences arising from:

	Group	
	2025	2024
	RM'000	RM'000
Deferred tax assets		
Deferred tax assets (before offsetting)		
- unutilised capital allowance	-	145
- other deductible temporary differences	35	5
	35	150
Offsetting	-	(145)
Deferred tax assets (after offsetting)	35	5

Notes to The Financial Statements

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9. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The deferred tax assets and liabilities are made up of temporary differences arising from: *cont'd*

	Group	
	2025	2024
	RM'000	RM'000
Deferred tax liabilities		
Deferred tax liabilities (before offsetting)		
- temporary differences between net carrying amounts and the corresponding tax written down values of assets	(784)	(1,032)
Offsetting	-	145
Deferred tax liabilities (after offsetting)	(784)	(887)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2025	2024
	RM'000	RM'000
Unused tax losses	6,367	8,099
Unabsorbed capital allowances	1,918	1,042
Other taxable temporary differences	(994)	(809)
	7,291	8,332
Potential deferred tax assets not recognised at 24% (2024: 24%)	1,750	2,000

The availability of unused tax losses and unabsorbed capital allowance for offsetting against future taxable profits of the respective subsidiaries in Malaysia and Indonesia are subject to requirements under the Income Tax Act, 1967 and Indonesia Income Tax Article respectively as well as guidelines issued by the tax authority.

Notes to The Financial Statements

cont'd

9. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2025	2024
	RM'000	RM'000
Year of assessment		
2025	43	1,620
2026	1,110	1,265
2028	1,610	1,610
2029	1,621	1,621
2030	199	199
2031	112	112
2032	355	355
2033	1,317	1,317
	6,367	8,099

10. INVENTORIES

	Group	
	2025	2024
	RM'000	RM'000
At lower of cost and net realisable value:		
Raw materials	10,380	11,893
Work-in-progress	1,457	2,138
Manufactured goods	2,510	1,960
Trading goods	1,991	2,874
Consumables	1,318	1,242
	17,656	20,107

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM84,314,000 (2024: RM96,446,000).

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM564,000 (2024: RM1,049,000) in view of the aged inventories.

During the financial year, the Group reversed the previous inventories written down value of RM304,000 (2024: RM63,000). The amount of reversal was included in cost of sales.

Notes to The Financial Statements

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11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current:					
Trade					
Trade receivables		22,035	22,146	-	-
Less: Impairment losses		(52)	(403)	-	-
	(a)	21,983	21,743	-	-
Non-trade					
Other receivables	(b)	9,172	6,398	- *	-
Deposits		2,028	1,268	-	-
Amounts owing from subsidiaries	(b)	-	-	4,341	4,164
		11,200	7,666	4,341	4,164
Less: Impairment losses for other receivables	(b)	(5,044)	(5,044)	-	-
		6,156	2,622	4,341	4,164
Total trade and other receivables		28,139	24,365	4,341	4,164

* Represented by amount less than RM1,000

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group range from 30 to 180 days (2024: 30 to 180 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	403	494
Charge for the financial year		
- Individually assessed	-	18
Reversal of impairment losses	(19)	(1)
Written off	(332)	(108)
At 31 December	52	403

The information about the credit exposures are disclosed in Note 25(b)(i) to the financial statements.

Notes to The Financial Statements

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11. TRADE AND OTHER RECEIVABLES *cont'd*

(b) Other receivables and amounts owing from subsidiaries

Amounts owing from subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The reconciliation of movement in the Group's impairment of other receivables and amounts owing from subsidiaries are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	5,044	5,064	-	874
Reversal of impairment losses	-	-	-	(8)
Written off	-	(20)	-	(866)
At 31 December	5,044	5,044	-	-

12. OTHER INVESTMENTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current:				
Financial assets at fair value through profit or loss				
At fair value:				
- Money market funds	7,123	-	5,089	-

The money market funds are fund invested in money market which is managed by the licensed fund management company.

The fair value measurement for the unquoted investments have been categorised at Level 1 fair value of which is determined directly by reference to prices provided by the licensed fund management company.

13. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	15,451	21,002	1,977	2,388
Short-term deposits placed with licensed banks	30,490	24,053	1,655	1,782
	45,941	45,055	3,632	4,170

The weighted average effective interest rates of the short-term deposits at the end of the reporting date ranged from 2.0% to 4.0% (2024: 2.5% to 3.6%) per annum. The fixed deposits have maturity periods ranging from 30 to 90 days (2024: 30 to 90 days).

Notes to The Financial Statements

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14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2025	2024	2025	2024
	Unit'000	Unit'000	RM'000	RM'000
Issued and fully paid up (no par value):				
At 1 January/31 December	44,800	44,800	49,691	49,691

The holders of ordinary shares (except treasury 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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

15. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was approved by the Company's shareholders in the Annual General Meeting held on 31 May 2024 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan is applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

At 31 December 2025, 2,637,000 (2024: 2,637,000) units of the Company's shares are being held as treasury shares. The number of outstanding ordinary shares in issue after set off is 42,163,000 (2024: 42,163,000).

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

16. RESERVES

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Foreign currency translation reserve	(a)	(3,543)	(987)	-	-
Distributable					
Retained earnings	(b)	35,757	32,829	21,462	22,397
		32,214	31,842	21,462	22,397

(a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to The Financial Statements

cont'd

16. RESERVES *cont'd*

(b) Retained earnings

As at 31 December 2025, the Company is able to distribute the retained earnings under the single tier system.

17. LOANS AND BORROWINGS

	Note	Group	
		2025 RM'000	2024 RM'000
Non-current:			
Term loans	(a)	3,633	4,271
Current:			
Term loans	(a)	935	915
Bank overdraft	(b)	196	-
		1,131	915
Total loans and borrowings:			
Term loans	(a)	4,568	5,186
Bank overdraft	(b)	196	-
		4,764	5,186

(a) Term loans

Term loan 1 of a subsidiary bears interest ranging from 4.47% to 4.72% (2024: 4.72%) per annum and is repayable in 180 monthly installments of RM36,000.

The term loan is secured by way of:

- (i) a first party all monies charge and specific debentures created over freehold land and buildings of the Group as disclosed in Note 5 to the financial statements; and
- (ii) a corporate guarantee issued by the Company.

Term loan 2 of a subsidiary bears interest ranging from 3.91% to 4.20% (2024: 4.20%) per annum and is repayable in 60 monthly installments of RM49,000.

The term loan is secured by way of a corporate guarantee issued by the Company.

(b) Bank overdraft

Bank overdraft of the Group bears interest at 8.07% (2024: Nil) per annum and are secured by the following:

- (i) facilities agreement as principal instrument; and
- (ii) corporate guarantee issued by the Company.

Notes to The Financial Statements

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18. PROVISION FOR POST-EMPLOYMENT BENEFIT

The Indonesian government officially signed Law No. 11/2020 concerning Job Creation on November 2020. The Indonesian government officially ratified the implementing regulations for the Job Creation Law including Government Regulation No. 35/2021 concerning the certain time work agreement, outsourcing, working time and rest periods, and termination of employment promulgated and enforced on February 2021. Furthermore, the Indonesian government passed Law No. 6 of 2023 concerning Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation becomes Law on March 31, 2023.

The latest actuarial valuation upon the estimated liabilities for post-employment benefits was conducted by KKA Steven & Mourits Consulting, an independent actuary, based on Actuarial Report dated 29 January 2026.

There were 31 and 37 employees eligible for such post-employment benefits in 2025 and 2024 respectively.

The main assumptions used in calculating the estimated liabilities for post-employment benefits are as follows:

	2025	2024
Normal pension age	55 years	55 years
Annual salary increment rate	5.00%	5.00%
Annual discount rate	6.70%	7.15%
Mortality table	Indonesian table of Mortality 4	Indonesian table of Mortality 4
Resignation rate	10% until age 25 then decreasing into 1% at age 50	10% until age 25 then decreasing into 1% at age 50
Calculation method	Projected unit credit	Projected unit credit
Report period	1 January up to 31 December	1 January up to 31 December

The details of post-employment benefit expenses are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Current service cost	20	18
Net interest	5	5
Adjustment due to recognition of past services	10	-
	35	23

The amounts included in the statements of financial position in respect of these post-employment benefits obligation are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Present value of benefit obligations	118	84

Notes to The Financial Statements

cont'd

18. PROVISION FOR POST-EMPLOYMENT BENEFIT *cont'd*

Changes in the net liabilities are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	84	74
Benefit expenses	47	35
Benefit paid	-	(20)
Exchange differences	(13)	(5)
At 31 December	118	84

The sensitivity analysis of the estimated liabilities for post-employment benefits for changes in the main assumptions for the year 2025 and 2024 are as follows:

	Group	
	Increase	Decrease
	RM'000	RM'000
2025		
Increase/Decrease of 1% discount rate	106	131
Increase/Decrease of 1% expected rate of salary increase	131	106
2024		
Increase/Decrease of 1% discount rate	75	94
Increase/Decrease of 1% expected rate of salary increase	94	74

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Current:					
Trade					
Trade payables	(a)	16,050	13,975	-	-
Non-trade					
Other payables and accruals	(b)	13,590	12,913	107	766
Advances from customer		598	301	-	-
Amounts owing to subsidiaries	(c)	-	-	6,120	6,373
		14,188	13,214	6,227	7,139
Total trade and other payables		30,238	27,189	6,227	7,139

Notes to The Financial Statements

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19. TRADE AND OTHER PAYABLES *cont'd*

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 120 days (2024: 30 to 120 days).
- (b) Included in other payables and accruals of the Group is an amount of RM1,324,000 (2024: RM1,339,000) owing to a non-controlling interest. The credit terms granted by the non-controlling interest is 60 days (2024: 60 days).
- (c) Amounts owing to subsidiaries are non-trade in nature, unsecured, interest free, repayable on demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii) to the financial statements.

20. REVENUE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contract customers:				
Sales of goods	139,577	157,198	-	-
Revenue from other source:				
Dividend income received from subsidiaries	-	-	1,020	3,878
	139,577	157,198	1,020	3,878

(a) Disaggregation of revenue

The Group reports the following major segments: manufacturing and trading of automotive parts and trading of machinery parts in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, the Group disaggregates revenue into primary geographical markets, major goods and timing of revenue recognition (i.e. goods transferred at a point in time).

	Group	
	2025 RM'000	2024 RM'000
Major goods:		
Automotive parts	135,607	153,291
Machinery parts	3,970	3,907
	139,577	157,198
Timing of revenue recognition:		
At a point in time	139,577	157,198

For the information about disaggregation of revenue into primary geographical markets, refer to Note 30 to the financial statements.

Notes to The Financial Statements

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20. REVENUE *cont'd*

(b) Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

21. OPERATING PROFIT/(LOSS)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at operating profit/(loss):

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration - statutory audit:				
- Baker Tilly Monteiro Heng PLT	198	204	65	71
- Member firms of Baker Tilly International	59	63	-	-
Auditors' remuneration - non-statutory audit:				
- Baker Tilly Monteiro Heng PLT	6	6	6	6
Other services:				
- Member firms of Baker Tilly International	65	72	3	3
Amortisation of intangible assets	72	101	-	-
Depreciation of:				
- property, plant and equipment	4,298	4,231	-	-
- right-of-use assets	1,627	1,625	-	-
Fair value gain on other investments	(123)	-	(89)	-
Gain on disposal of:				
- equity interests in a subsidiary	-	-	(1,282)	-
- property, plant and equipment	(508)	(137)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(217)	449	-	51
- unrealised	273	(104)	17	-
Gain on termination of lease contract	- *	(1)	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	2,826	332
- trade and other receivables	-	18	-	-
Personnel expenses (including key management personnel):				
- wages, salaries and others	26,834	25,269	182	182
- contribution to Employees				
Provident Fund	1,789	1,725	-	-
- post-employment benefit	47	35	-	-
Property, plant and equipment written off	3	-	-	-

* Represented by amount less than RM1,000

Notes to The Financial Statements

cont'd

21. OPERATING PROFIT/(LOSS) *cont'd*

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at operating profit/(loss): *cont'd*

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Rental expenses on:				
- short-term lease				
- staff housing facilities	217	459	-	-
- others	442	160	-	-
- low value assets				
- others	46	44	-	-
Rental income	(128)	(48)	-	-
Reversal of impairment losses on trade and other receivables	(19)	(1)	-	(8)
Written off on trade and other receivables	-	5	-	8

22. FINANCE COSTS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- bank overdraft	1	-	-	-
- lease liabilities	219	95	-	-
- term loans	219	176	-	-
- others	44	29	- *	-
	483	300	- *	-

* Represented by amount less than RM1,000

Notes to The Financial Statements

cont'd

23. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expenses/(credit) for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	1,773	2,650	-	-
- Adjustment in respect of prior years	(563)	(37)	(58)	-
	1,210	2,613	(58)	-
Deferred tax:				
- Origination of temporary differences	(249)	188	-	-
- Adjustment in respect of prior years	114	191	-	-
	(135)	379	-	-
Income tax expense/(credit) recognised in profit or loss	1,075	2,992	(58)	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	5,710	9,093	(993)	2,926
Tax at Malaysian statutory income tax rate of 24% (2024: 24%)	1,370	2,182	(238)	702
Difference tax rates in other countries	-	(3)	-	-
Adjustments:				
- Income not subject to tax	(116)	(1,569)	(245)	(931)
- Non-deductible expenses	520	2,753	483	229
- Deferred tax not recognised on tax losses and temporary differences	(250)	(525)	-	-
- Adjustment in respect of current income tax of prior years	(563)	(37)	(58)	-
- Adjustment in respect of deferred tax of prior years	114	191	-	-
Income tax expense/(credit)	1,075	2,992	(58)	-

Notes to The Financial Statements

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24. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2025 RM'000	2024 RM'000
Profit attributable to owners of the Company	3,035	2,820
Weighted average number of ordinary shares:		
Issued ordinary shares	44,800	44,800
Effect of treasury shares held	(2,637)	(2,637)
Weighted average number of ordinary shares at 31 December	42,163	42,163
Basic earning per share (sen)	7.20	6.69

(b) Diluted earnings per ordinary share

The diluted earnings per shares are equivalent to the basic earnings per share as the Group and the Company do not have any potential ordinary shares outstanding and have no diluted potential ordinary shares at the end of the reporting period.

Notes to The Financial Statements

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25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost
- (ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
At 31 December 2025			
Financial assets			
Group			
Trade and other receivables	28,139	28,139	-
Other investments	7,123	-	7,123
Cash and short-term deposits	45,941	45,941	-
	81,203	74,080	7,123
Company			
Other receivables	4,341	4,341	-
Other investments	5,089	-	5,089
Cash and short-term deposits	3,632	3,632	-
	13,062	7,973	5,089
Financial liabilities			
Group			
Loans and borrowings	4,764	4,764	-
Trade and other payables	30,238	30,238	-
	35,002	35,002	-
Company			
Other payables	6,227	6,227	-

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

	Carrying amount RM'000	Amortised cost RM'000
At 31 December 2024		
Financial assets		
Group		
Trade and other receivables	24,365	24,365
Cash and short-term deposits	45,055	45,055
	69,420	69,420
Company		
Other receivables	4,164	4,164
Cash and short-term deposits	4,170	4,170
	8,334	8,334
Financial liabilities		
Group		
Loans and borrowings	5,186	5,186
Trade and other payables	27,189	27,189
	32,375	32,375
Company		
Other payables	7,139	7,139

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not use derivative financial instruments to hedge certain exposure. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

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

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also take appropriate actions (including but not limited to legal action) to recover long past due balances.

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables *cont'd*

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Automotive parts	21,114	20,976
Machinery parts	869	767
	21,983	21,743

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's trade receivables are as follows:

	Trade receivables					Total
	Current	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	>90 days past due	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Group						
At 31 December 2025						
Gross carrying amount	16,833	3,985	753	73	391	22,035
Impairment losses	-	-	-	-	(52)	(52)
	16,833	3,985	753	73	339	21,983
At 31 December 2024						
Gross carrying amount	15,944	4,706	163	475	858	22,146
Impairment losses	-	-	-	-	(403)	(403)
	15,944	4,706	163	475	455	21,743

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantees contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to a subsidiary. The Company monitors the results of the subsidiary and its repayment on an on-going basis. The maximum exposure to credit risks amounts to RM4,764,000 (2024: RM5,186,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 25(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiary's secured borrowings.

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Contractual cash flows				Total RM'000
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1-5 years RM'000	More than 5 years RM'000	
At 31 December 2025					
Group					
Trade and other payables	30,238	30,238	-	-	30,238
Lease liabilities	2,121	2,273	3,136	-	5,409
Term loans	4,568	1,109	3,690	253	5,052
Bank overdraft	196	196	-	-	196
	37,123	33,816	6,826	253	40,895
Company					
Other payables	6,227	6,227	-	-	6,227
Financial guarantees contracts	-	4,764	-	-	4,764
	6,227	10,991	-	-	10,991

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis *cont'd*

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: *cont'd*

	Contractual cash flows				Total RM'000
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1-5 years RM'000	More than 5 years RM'000	
At 31 December 2024					
Group					
Trade and other payables	27,189	27,189	-	-	27,189
Lease liabilities	2,211	1,031	1,703	-	2,734
Term loans	5,186	1,132	4,028	702	5,862
	<u>34,586</u>	<u>29,352</u>	<u>5,731</u>	<u>702</u>	<u>35,785</u>
Company					
Other payables	7,139	7,139	-	-	7,139
Financial guarantees contracts	-	5,186	-	-	5,186
	<u>7,139</u>	<u>12,325</u>	<u>-</u>	<u>-</u>	<u>12,325</u>

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases and cash and cash equivalents that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group does not engage in foreign currency hedging on its foreign currency exposures but the management is monitoring these exposures on an ongoing basis.

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Foreign currency risk *cont'd*

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Denominated in						
	United States Dollar	Japanese Yen	Thai Baht	Singapore Dollar	Indian Rupee	Chinese Yuan	Indonesian Rupiah
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Financial assets and liabilities not held in functional currency:							
At 31 December 2025							
Trade receivables	-	-	287	-	-	-	2,329
Other receivables	1,416	7	21	-	6	1,564	657
Cash and bank balances	2,201	-	11	-	-	-	3,340
Trade payables	(1,102)	(211)	(1,085)	-	-	(3,266)	(2,588)
Other payables	-	(1,017)	-	-	-	-	(4,210)
	2,515	(1,221)	(766)	-	6	(1,702)	(472)
At 31 December 2024							
Trade receivables	-	-	402	-	-	-	-
Other receivables	322	30	-	-	6	108	-
Cash and bank balances	2,118	-	230	-	-	-	3,257
Trade payables	(43)	(27)	(1,102)	-	-	(1,283)	-
Other payables	(2)	(20)	-	(15)	-	-	-
	2,395	(17)	(470)	(15)	6	(1,175)	3,257

* Represented by amount less than RM1,000

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Foreign currency risk *cont'd*

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Japanese Yen ("JPY"), Thai Baht ("THB"), Chinese Yuan ("CNY") and Indonesian Rupiah (IDR).

The following table demonstrates the sensitivity to a reasonably possible change in the USD, JPY, THB, CNY and IDR, with all other variables held constant on the Group's total equity and profit for the financial year.

	Change in rate	Effect on equity and profit for the financial year	
		2025	2024
		RM'000	RM'000
Group			
USD	+ 10%	191	182
	- 10%	(191)	(182)
JPY	+ 10%	(93)	(1)
	- 10%	93	1
THB	+ 10%	(58)	(36)
	- 10%	58	36
CNY	+ 10%	(129)	(89)
	- 10%	129	89
IDR	+ 10%	(36)	248
	- 10%	36	(248)

The exposure to currency risk of the Group on Singapore Dollar and Indian Rupee are not material and hence, sensitivity analysis is not presented.

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates.

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group's surplus funds are placed as short-term deposits with licensed banks.

Notes to The Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iv) Interest rate risk *cont'd*

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit or loss for the financial year.

	Change in basis points	Effect on equity and profit for the financial year RM'000
Group		
31 December 2025	+ 100	(36)
	- 100	36
31 December 2024	+ 100	(39)
	- 100	39

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of long-term portion of the loans approximate to their carrying amount as it is a floating rate instrument.

The fair values of the other financial liabilities are calculated based on the present value of estimated settlement amounts.

As the financial assets and financial liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year (2024: no transfer in either direction).

Notes to The Financial Statements

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26. CAPITAL COMMITMENTS

The Group has made commitment for the following capital expenditure:

	Group	
	2025	2024
	RM'000	RM'000
Plant and machineries	3,719	248

27. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries;
- (ii) Entity in which person connected to a director has interests;
- (iii) Shareholder of subsidiary; and
- (iv) Key management personnel of the Group and of the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

San Yes Automotive Technology Co. Ltd. is a substantial shareholder of the Company through its interest of more than 20% in MIYES Holdings Sdn. Bhd. ("MIYES"). The Company's director, Yap Siew Foong, has indirect interest in MIYES.

Sugihara Co. Ltd. ("SUGI-Japan") holds direct equity interest of more than 20% in the subsidiaries of the Company, namely Sugihara Grand Industries Sdn. Bhd. ("SUGI") and PT Grand Sugihara Techno ("PT GST"). Shunzo Ishii, a director of SUGI and PT GST is also a director of SUGI-Japan. All outstanding amounts are unsecured and are expected to be settled in cash.

Notes to The Financial Statements

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27. RELATED PARTIES

(b) Significant related party transactions

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Dividend income				
- Sugihara Grand Industries Sdn. Bhd.	-	-	(1,020)	(786)
- Sanyco Grand Industries Sdn. Bhd.	-	-	-	(3,092)
Purchase of goods				
- Sugihara Co. Ltd.	560	2,234	-	-
Royalties payable				
- Sugihara Co. Ltd.	809	945	-	-
Interest income				
- Cendana Eksotik Sdn. Bhd.	-	-	174	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11 and 19 to the financial statements.

(c) Compensation of key management personnel

The compensation of directors and other key management personnel are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Directors:				
- Fees	164	157	164	157
- Remuneration	1,209	1,155	18	18
- Contribution to Employees Provident Fund	185	169	-	-
	1,558	1,481	182	175
Other key management personnel:				
- Remuneration, bonus and allowance	1,693	742	-	-
- Contribution to Employees Provident Fund	164	139	-	-
	1,857	881	-	-
	3,415	2,362	182	175

Notes to The Financial Statements

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28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2025 and 31 December 2024.

The Group and the Company monitor capital using debt to equity ratio. The debt to equity ratio is calculated as total debts divided by total equity. The debt to equity ratio at 31 December 2025 and 31 December 2024 are as follows:

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loans and borrowings	17	4,764	5,186	-	-
Equity attributable to the owners of the Company		80,713	80,341	69,961	70,896
Debt to equity ratio		6%	6%	N/A	N/A

The Group and the Company are not exposed to any externally imposed capital requirement.

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. by the Company

On 30 September 2024, the Company had entered into a conditional Shares Sale Agreement ("SSA") with Yamaguchi Mfg Co. Ltd. for the disposal of 2,300,000 ordinary shares in Sanyco Grand Industries Sdn. Bhd. ("Sanyco"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM5,071,369.

All the terms and conditions as stipulated in the SSA have been fulfilled and the disposal has been completed on 25 March 2025. Following the disposal, Sanyco became a 54%-owned subsidiary of the Company.

30. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Directors review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Automotive parts	Manufacturing and trading of carpet of all descriptions and manufacturing of automotive braking components and motorcycle components.
Machinery parts	Trading of machinery and industrial parts supplies.
Others	Investment holding and dormants.

Inter-segment pricing is determined on negotiated basis.

Notes to The Financial Statements

cont'd

30. SEGMENT INFORMATION *cont'd*

Segment profits

Segment profit is used to measure performance as Group's Executive Directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Executive Directors. Hence no disclosure is made on segment liabilities.

Geographical segments

Revenue and non-current assets information on the basis of geographical segments are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Factors used to identify reportable segments

The factors used to identify the entity's reportable segments are based on each subsidiary's principal activities and the products manufactured.

	Note	Automotive parts RM'000	Machinery parts RM'000	Others RM'000	Elimination RM'000	Total RM'000
2025						
Revenue:						
Revenue from external customers		135,607	3,970	-	-	139,577
Inter-segment revenue		28,167	-	1,020	(29,187)	-
	(a)	163,774	3,970	1,020	(29,187)	139,577

Notes to The Financial Statements

cont'd

30. SEGMENT INFORMATION *cont'd*

	Note	Automotive parts RM'000	Machinery parts RM'000	Others RM'000	Elimination RM'000	Total RM'000
2025 <i>cont'd</i>						
Results:						
<i>Included in the measure of segment profit/(loss) are:</i>						
Amortisation of intangible assets						
		(72)	-	-	-	(72)
Depreciation for:						
- property, plant and equipment		(4,128)	(119)	(123)	72	(4,298)
- right-of-use assets		(2,536)	(138)	-	1,047	(1,627)
Employment benefit expenses		(27,301)	(766)	(603)	-	(28,670)
Fair value gain on other investments		-	34	89	-	123
Finance income		427	335	230	(174)	818
Finance costs		(822)	(10)	(175)	524	(483)
Gain on disposal of:						
- equity interest in a subsidiary		-	-	1,282	(1,282)	-
- property, plant and equipment		433	75	-	-	508
Impairment loss on investment in subsidiaries		-	(403)	(3,869)	4,272	-
(Loss)/Gain on foreign exchange:						
- realised		(6)	6	-	217	217
- unrealised		(617)	(21)	365	-	(273)
Property, plant and equipment written off		(3)	-	-	-	(3)
Inventories written-down		(240)	(324)	-	-	(564)
Rental expense on:						
- short-term lease						
- staff housing facilities		(217)	-	-	-	(217)
- others		(442)	-	-	-	(442)
- low value assets						
- others		(46)	-	-	-	(46)
Rental income		1,018	48	735	(1,673)	128
Reversal of impairment losses on trade and other receivables		-	19	-	-	19
Reversal of inventories written-down		-	304	-	-	304
Segment profit/(loss)	(b)	4,572	(270)	(1,915)	3,323	5,710
Income tax expense		(944)	(108)	(23)	-	(1,075)
Profit/(Loss) for the financial year	(b)	3,628	(378)	(1,938)	3,323	4,635
Other information						
Segment assets	(c)	132,237	20,946	103,441	(109,955)	146,669
Segment liabilities	(c)	(53,424)	(360)	(14,910)	30,669	(38,025)

Notes to The Financial Statements

cont'd

30. SEGMENT INFORMATION *cont'd*

	Automotive parts	Machinery parts	Others	Elimination	Total
Note	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Revenue:					
Revenue from external customers	153,291	3,907	-	-	157,198
Inter-segment revenue	28,998	-	3,878	(32,876)	-
(a)	182,289	3,907	3,878	(32,876)	157,198
Results:					
<i>Included in the measure of segment profit/(loss) are:</i>					
Amortisation of intangible assets	(101)	-	-	-	(101)
Depreciation of:					
- property, plant and equipment	(3,983)	(110)	(125)	(13)	(4,231)
- right-of-use assets	(1,914)	(137)	-	426	(1,625)
Employment benefit expenses	(25,961)	(886)	(182)	-	(27,029)
Finance income	87	331	11	-	429
Finance costs	(462)	(6)	-	168	(300)
Gain on disposal of property, plant and equipment	71	66	-	-	137
Impairment loss on:					
- investment in subsidiaries	-	(131)	(586)	717	-
- trade and other receivables	-	(18)	-	-	(18)
Inventories written-down	(427)	(622)	-	-	(1,049)
(Loss)/Gain on foreign exchange:					
- realised	(403)	5	(51)	-	(449)
- unrealised	(1)	(130)	235	-	104
Rental income	966	48	57	(1,023)	48
Rental expense on:					
- short-term lease					
- staff housing facilities	(459)	-	-	-	(459)
- others	(190)	-	-	30	(160)
- low value assets					
- others	(44)	-	-	-	(44)
Reversal of inventories written-down	-	63	-	-	63
Written off on trade and other receivables	-	-	(13)	8	(5)
(b)	11,180	(694)	4,616	(6,009)	9,093
Income tax expense	(2,906)	(80)	(6)	-	(2,992)
Profit/(Loss) for the financial year	8,274	(774)	4,610	(6,009)	6,101
Other information					
Segment assets	124,836	21,334	108,123	(116,154)	138,139
Segment liabilities	(46,553)	(370)	(15,798)	27,164	(35,557)

Notes to The Financial Statements

cont'd

30. SEGMENT INFORMATION *cont'd*

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

- (a) Inter-segment revenues are eliminated on consolidation;
- (b) Inter-segment income and expenses are eliminated on consolidation; and
- (c) Inter-segment balances are eliminated on consolidation.

Geographical information

Revenue and non-current assets (excluding deferred tax asset) information based on the geographical location of customers are as follows:

	Revenue RM'000	Non-current assets RM'000
31 December 2025		
Malaysia	112,967	30,024
Indonesia	17,914	14,427
Thailand	8,696	-
	139,577	44,451
31 December 2024		
Malaysia	126,913	24,507
Indonesia	20,917	21,902
Thailand	9,368	-
	157,198	46,409

Information about major customers

The following are major customers of automotive parts segment with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
	2025 RM'000	2024 RM'000
Customer A	30,053	42,597
Customer B	23,233	30,276
Customer C	17,651	24,726

Statement by Directors

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

We, **NG WAI KEE** and **YAP SIEW FOONG**, being two of the directors of SMIS CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on page 87 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

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

.....
NG WAI KEE
Director

.....
YAP SIEW FOONG
Director

Date: 29 April 2026

Statutory Declaration

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

I, **NG WAI KEE**, being the director primarily responsible for the financial management of SMIS CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on page 87 to 144 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.

.....
NG WAI KEE

Director

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 29 April 2026.

Before me,

.....
Commissioner for Oaths

Independent Auditors' Report

To the Members of SMIS Corporation Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SMIS Corporation Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on page 87 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Group

Inventories (Note 4 and 10 to the financial statements)

The Group's inventories are measured at the lower of cost and net realisable value. Judgement is required in estimating their net realisable values. The directors are required to perform an assessment to determine whether these inventories are stated at the lower of cost and net realisable value.

We focused on this area because the review of saleability and valuation of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe the existence and conditioning of the finished goods and understanding the design and implementation of controls during the count;
- checking subsequent sales and evaluating directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

Independent Auditors' Report

To the Members of SMIS Corporation Berhad
cont'd

Key Audit Matters *cont'd*

Company

We have determined that there are no key audit matters to communicate in our report which arose from 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 or conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.

Independent Auditors' Report

To the Members of SMIS Corporation Berhad
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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: *cont'd*

- 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 units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kuala Lumpur

Date: 29 April 2026

Ong Teng Yan
No. 03076/07/2027 J
Chartered Accountant

Disclosure of Financial Data for Shariah Screening

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

(A) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 RM'000	2024 RM'000
Revenue	-	139,577	157,198
Other income	Other operating income	1,950	1,453
Finance income	Interest income	818	429
Others (please specify in the remarks column)	Net reversal of impairment losses on financial instruments	19	-
Total		142,364	159,080
Total Assets		146,669	138,139

(B) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM'000	2024 RM'000
Gain from investment in conventional instruments	Fair value gain on other investments	123	-
Interest income	Finance income	818	429
Total		941	429

(C) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 RM'000	2024 RM'000
Total		0	0
Conventional Account/Instruments			
Cash at bank (exclude cash in hand)	-	15,420	20,964
Short-term deposits	-	30,490	24,053
Financial assets/instruments*	Other investments	7,123	-
Other cash equivalents (please specify in the remarks column)	Cash in hand	31	38
Total		53,064	45,055

Disclosure of Financial Data for **Shariah Screening**

cont'd

(C) Component of Financial Position *cont'd*

(ii) Debt Component

		Group	
Islamic Financing	Remarks	2025 RM'000	2024 RM'000
Current			
Non-Current	Not applicable		
Total		0	0

		Group	
Conventional Borrowing	Remarks	2025 RM'000	2024 RM'000
Current			
Term loans	-	935	915
Bank overdrafts	-	196	-
Non-Current			
Term loans	-	3,633	4,271
Total		4,764	5,186

Analysis of Shareholdings

As at 15 April 2026

Total Number of Issued Shares : 44,800,000 ordinary shares (including 2,637,000 treasury shares)
 Class of Shares : Ordinary Shares
 Voting Rights : One vote per Ordinary Share

Size of Holdings	No. of Shareholders/Depositors	% of Shareholders/Depositors	No. of Shares/Securities*	% of Issued Capital*
1-99	30	3.330	735	0.002
100-1,000	218	24.195	166,100	0.394
1,001-10,000	434	48.169	2,159,900	5.123
10,001-100,000	184	20.422	6,119,156	14.513
100,001-2,108,149	34	3.774	18,037,109	42.779
2,108,150 and above	1	0.111	15,680,000	37.189
Total	901	100.000	42,163,000	100.000

Total No of Shareholders/Depositors : 901
 Total Shareholdings/Securities : 42,163,000
 Total Percentage (%) : 100.000

* Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 15 April 2026.

Analysis of Shareholdings

As at 15 April 2026
cont'd

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2026

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital*	No. of Shares	% of Issued Capital*
MIYES Holdings Sdn. Bhd. ("MIYES")	15,680,000	37.19	-	-
San Yes Automotive Technology Co., Ltd	-	-	15,680,000 ⁽¹⁾	37.19
Ng Wai Kee	1,550,900	3.68	15,680,000 ⁽¹⁾	37.19
Yap Siew Foong	1,263,730	3.00	15,680,000 ⁽¹⁾	37.19

* Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 15 April 2026.

⁽¹⁾ Deemed interested through MIYES.

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2026

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital*	No. of Shares	% of Issued Capital*
Yap Siew Foong	1,263,730	3.00	15,680,000 ⁽¹⁾	37.19
Ng Wai Kee	1,550,900	3.68	15,680,000 ⁽¹⁾	37.19
Oei Kok Eong	-	-	-	-
Tan Hock Soon	-	-	-	-
Tan Yi Woan	-	-	-	-

* Excludes 2,637,000 Ordinary Shares of bought back by the Company and held as treasury shares as at 15 April 2026.

⁽¹⁾ Deemed interested through MIYES.

Analysis of Shareholdings

As at 15 April 2026

cont'd

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS AS AT 15 APRIL 2026

No.	Name of Shareholders/Depositors	No. of Shares	Holding Percentage % *
1.	MIYES HOLDINGS SDN BHD	15,680,000	37.19
2.	CHEE SAI MUN	1,955,100	4.64
3.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM KONG HWEE (E-KPG/SGK)</i>	1,493,200	3.54
4.	NG WAI KEE	1,490,900	3.54
5.	CHOW KUAN FONG	1,447,195	3.43
6.	CHEN, MENG-HSIN	1,368,941	3.25
7.	YAP SIEW FOONG	1,263,730	3.00
8.	TEE MUI LAI	934,000	2.22
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SAK KAM WAH (8082357)</i>	772,000	1.83
10.	KENANGA NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)</i>	742,000	1.76
11.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM KONG HWEE (E-KPG/SGK)</i>	725,600	1.72
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>CHUA ENG HO WA'A @ CHUA ENG WAH</i>	630,200	1.50
13.	LIM WEE CHIN	525,800	1.25
14.	CHAM WEI WEI	500,000	1.19
15.	WIJAYA SYUKUR (M) SDN BHD	423,500	1.00
16.	ENG KIM LIAN	380,964	0.90
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TING VIN SOON (E-TSA)</i>	300,000	0.71
18.	TAN LAY HARNG	297,900	0.71
19.	CARTABAN NOMINEES (ASING) SDN BHD <i>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND</i>	291,900	0.69
20.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOAY YAN WAH (M)</i>	215,000	0.51
21.	TAN AI LENG	200,000	0.47
22.	CHAM BEE SENG @ CHIAM BEE SENG	199,989	0.47
23.	JIS SYSTEM (M) SDN BHD	185,000	0.44
24.	LIM CHING WAH	172,000	0.41
25.	LIM CHAI GUAN	170,000	0.40
26.	LIM SIEW LEE	150,000	0.36
27.	TAN KHEAK GEAI	150,000	0.36
28.	CHAM BEE SIM	149,572	0.36
29.	NG KWEE ENG	142,018	0.34
30.	TAN LAY CHONG	140,100	0.33
	TOTAL	33,096,609	78.52

* Excludes 2,637,000 Ordinary Shares bought back by the Company and held as treasury shares as at 15 April 2026.

List of Properties

Registered Beneficial Owner	Location	Date of Valuation/ Acquisition	Description and Existing Use	Tenure and Year of Expiry	Approximate Age of Property (Year)	Built Up area (Sq.m)	Net book value as at 31 December 2025 (RM)
Grand Carpet Industries Sdn. Bhd.	Lot 3, Jalan Sultan Hishamuddin 2, Kawasan Perusahaan Selat Kelang Utara, 42000 Port Klang, Selangor	February 20, 2012	Industrial land erected with a single storey detached factory and a double storey frontal office. Office and factory.	Leasehold of 99 years, expiring on June 9, 2086	34	10,310	3,803,153
Cendana Eksotik Sdn. Bhd.	No 3, Jalan U1/15, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor	January 24, 2017*	Industrial land erected with a single storey detached factory with a mezzanine floor office annexed. Office and factory.	Freehold	27	4,313.60	3,851,900
PT Zusma Plastics	Suryacipta City of Industry, Jl. Surya Madya IV Kav 1-28 J, Kutanegara Village, Ciampel, Karawang, West Java 41361, Indonesia	August 23, 2011	Industrial land. The land is vacant.	Leasehold of 50 years, expiring June 16, 2048	N/A	7,012	1,052,414
Sugihara Grand Industries Sdn. Bhd.	PT 12673, Kawasan Perindustrian Sendayan Tech Valley, Bandar Sri Sendayan, 71950 Seremban, Negeri Sembilan Darul Khusus	August 6, 2015	Industrial land erected with a single storey detached factory with office annexed. Office and factory.	Freehold	11	3,681	6,533,815
PT Grand Ventures Hartamas	Kawasan Industri Terpadu Indonesia China Lot 70, Kota Deltamas, Cikarang Pusat, Bekasi 17530, West Java, Indonesia	April 28, 2017	Industrial land. The land is vacant.	Leasehold of 50 years, expiring January 8, 2049	N/A	16,186	8,989,275
PT Grand Ventures Hartamas	Le Freya and Cosmo Estate, Lippo Cikarang, Bekasi, Jawa Barat, Indonesia	September 29, 2017	3 units of double storey residential house. 1 unit is rented out whilst the remaining 2 units are vacant.	Leasehold	9	215	148,519

* This property was transferred from Sanyco Grand Industries Sdn. Bhd. to Cendana Eksotik Sdn. Bhd. on 11 January 2024.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh (“27th”) Annual General Meeting (“AGM”) of SMIS Corporation Berhad (the “Company”) will be held at Seminar Room 1, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 28 May 2026 at 10.00 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Directors’ and Auditors’ Reports thereon. *(Please refer to Note 1 of the Explanatory Notes)*
2. To declare a final single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2025. **(Ordinary Resolution 1)**
3. To approve the Non-Executive Directors’ Fees up to an aggregate amount of RM200,000.00 in respect of the financial year ending 31 December 2026 and the payment of Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 27th AGM until the next AGM of the Company in year 2027. **Ordinary Resolution 2**
(Please refer to Note 2 of the Explanatory Notes)
4. To re-elect Mr Ng Wai Kee who is retiring under Clause 96 of the Company’s Constitution. **Ordinary Resolution 3**
(Please refer to Note 3 of the Explanatory Notes)
5. To re-elect Mr Tan Hock Soon who is retiring under Clause 96 of the Company’s Constitution. **Ordinary Resolution 4**
(Please refer to Note 3 of the Explanatory Notes)
6. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**
(Please refer to Note 4 of the Explanatory Notes)

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

7. **Authority for Mr Oei Kok Eong to continue in office as Independent Non-Executive Director**

“**THAT** authority be and is hereby given to Mr Oei Kok Eong who has served as an Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company up to 20 November 2026 in accordance with Malaysia Code on Corporate Governance (“MCCG”). ”

Ordinary Resolution 6
(Please refer to Note 5 of the Explanatory Notes)

Notice of Annual General Meeting

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8. Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 (“the Act”) for the Directors to allot and issue shares

“**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM 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 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory authorities being obtained for such allotment and issuance.

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

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

Ordinary Resolution 7
(Please refer to Note 6 of the Explanatory Notes)

9. Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)

“**THAT**, pursuant to Paragraph 10.09 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Company and its subsidiaries (“**SMIS Group**”) be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out under Section 2.4 of Part A of the Circular to Shareholders dated 30 April 2026 with the related parties mentioned therein which are necessary for SMIS Group’s day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders’ Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

THAT such approval will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders’ Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

Notice of Annual General Meeting

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- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 8
(Please refer to Note 7 of the Explanatory Notes)

10. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares ("Proposed Renewal of Share Buy-Back Mandate")**

THAT subject to the Act, the Constitution of the Company, the MMLR of Bursa Securities, all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2025 to purchase such amount of ordinary shares in the Company ("**Proposed Share Buy-Back**") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company;

THAT an amount not exceeding the Company's retained profits account be allocated by the Company for the Proposed Share Buy-Back;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares to dealt with such treasury shares in the manner as set out in Section 127(7) of the Act;

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company (being the Twenty-Eighth ("**28th**") AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the 28th AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

Notice of Annual General Meeting

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AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company.”

Ordinary Resolution 9
(Please refer to Note 8 of the Explanatory Notes)

11. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Act.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 27th AGM, a final single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2025 will be paid to the shareholders on 2 July 2026. The entitlement of the said dividend shall be on 19 June 2026.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor’s securities account before 4.30 p.m. on 19 June 2026 in respect of transfers; and
- (b) Shares bought on Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN

(SSM PC No. 202008001023)

(MAICSA 7009143)

TAN AI NING

(SSM PC No. 202008000067)

(MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

Date: 30 April 2026

NOTES:

1. *In respect of deposited securities, only members whose names appear in the Company’s Record of Depositors as at 21 May 2026 shall be eligible to participate in the AGM or appoint proxy(ies) to participate and vote on his/her behalf.*
2. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.*
3. *Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*

Notice of Annual General Meeting

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4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The Proxy Form shall be signed by the appointer of his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of the attorney.
7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
The original instrument appointing a proxy (“**Proxy Form**”) must be deposited at the Company’s Share Registrar’s Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through BoardRoom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to bsr.proxy@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 27th AGM in order to deposit the Proxy Form electronically.
8. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in the AGM by yourself, please write in to bsr.proxy@boardroomlimited.com or log in to BoardRoom Smart Investor Portal at <https://investor.boardroomlimited.com> for the revocation of proxy, the procedures of which is provided in the Administrative Guide for the 27th AGM, to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
9. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 27th AGM will be put to vote by way of poll.

EXPLANATORY NOTES:

1. To receive the Audited Financial Statements

Agenda item no. 1 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 item on the Agenda is **not put forward for voting**.

2. Ordinary Resolution No. 2 - Directors’ Fees to the Non-Executive Directors for the financial year ending 31 December 2026 (“FYE 2026”) and Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2027

Section 230(1) of the Act provides amongst others that the fees of the Directors and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting. Based on the recommendation from the Remuneration Committee (“**RC**”), the Board approved the proposed Non-Executive Directors’ Fees for the FYE 2026 and the Benefits Payable for the period from this AGM until the next AGM of the Company in year 2027, to be tabled to the shareholders for approval at the forthcoming AGM of the Company.

The Directors’ fees payable includes fees payable to Directors as members of Board and Board Committees. Other than the Directors’ Fees from the Company, the Non-Executive Directors do not receive any Directors’ Fees from any of the subsidiaries within SMIS Group.

The Directors’ benefits payable comprises meeting allowances from this AGM until the conclusion of the next AGM of the Company in year 2027 pursuant to the Act which shareholders’ approval will be sought at this 27th AGM in accordance with Section 230(1) of the Act. In determining the estimated total amount of the Directors’ benefits, the Board has considered the number of scheduled and special meetings (if any) for the Board and Board Committees as well as the number of Non-Executive Directors involved in the meetings, including any potential future appointment of director(s). Other than the benefits payable from the Company, the Non-Executive Directors do not receive any benefits payable from any of the subsidiaries within SMIS Group.

In the event that the proposed Directors’ Fees and Benefits Payable during the above period exceed the estimated amount sought at the 27th AGM, approval will be sought at the next AGM for additional Directors’ Fees and Benefits Payable to meet the shortfall, prior to the payment being made.

Notice of Annual General Meeting

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The payment of the Directors' Fees for the FYE 2026 and Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2027 will only be made if the proposed Ordinary Resolution 1 has been passed at the 27th AGM.

3. Ordinary Resolutions No. 3 and No. 4 - Re-election of Directors

For the purpose of determining the eligibility of the Directors to stand for re-election at the 27th AGM of the Company, the Board through its Nomination Committee ("NC") undertakes a formal evaluation to determine the eligibility of each retiring Director in line with the MCCG and MMLR of Bursa Securities, which includes the following:-

- (i) Performance and effectiveness of the Board as a whole, Board Committees and individual Directors; and
- (ii) Fit and proper assessment.

The NC and the Board are satisfied with the performance and effectiveness, character, integrity, experience, competence and time and commitment of Mr Ng Wai Kee and Mr Tan Hock Soon who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 27th AGM.

The two (2) retiring Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant NC and Board meetings. The profiles of the Directors who are standing for re-election under Ordinary Resolutions 3 and 4 are set out in the Profile of Directors of the Annual Report 2025.

4. Ordinary Resolution No. 5 - Re-appointment of Auditors

Messrs. Baker Tilly Monteiro Heng PLT, the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the FYE 2026. The Board has approved the Audit and Risk Committee's recommendation that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

5. Ordinary Resolution No. 6 - Authority for Mr Oei Kok Eong to continue in office as Independent Non-Executive Directors

Ordinary Resolution 6 proposed under item 7 of the Agenda, if passed, will allow Mr Oei Kok Eong ("Mr Oei") to continue to serve as an Independent Director of the Company up to 20 November 2026. Mr Oei was appointed as an Independent Non-Executive Director of the Company on 21 November 2014 and has served for a cumulative term of approximately twelve (12) years of service. At the end of this term, Mr Oei will need to either resign as a Director of the Company or be re-designated as a Non-Independent Non-Executive Director.

In accordance with the MCCG, the NC and the Board have assessed the independence of Mr Oei and consider him to be independent, based on, amongst other, the following justifications and therefore recommend that Mr Oei be retained as an Independent Director of the Company:-

- (a) He has fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities as well as the prescribed criteria under the MCCG, and therefore is able to bring independent and objective judgement to the Board;
- (b) His experience in the automotive industry enables him to provide the Board with a diverse set of experience, expertise, skills and competence;
- (c) He actively participates in Board's and Board Committees' deliberations and decision making in an objective manner, exercise due care in all undertakings of SMIS Group and carried out his fiduciary duty in the interest of the Company;
- (d) He does not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- (e) The Board is of the opinion that he is an important Independent Non-Executive Director in view of many years on the Board with incumbent knowledge of the Company and SMIS Group's activities and corporate history and have provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

6. Ordinary Resolution No. 7 - Proposed Renewal of Authority under Sections 75 and 76 of the Act for the Directors to allot and issue shares

The Company had, during its Twenty-Sixth (26th) AGM held on 19 June 2025, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained and this mandate will lapse at the conclusion of the 27th AGM.

Notice of Annual General Meeting

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Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company ("**General Mandate**"). This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding investment project(s), working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.

If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make an announcement in respect thereof.

7. Ordinary Resolution No. 8 - Proposed Shareholders' Mandate

Ordinary Resolution 8 proposed under item 9 of the Agenda, if passed, will allow SMIS Group to enter into RRPTs in accordance with Paragraph 10.09 of the MMLR of Bursa Securities and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of SMIS Group or affecting the business opportunities available to SMIS Group. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

Further information on the Proposed Shareholders' Mandate is set out in the Circular of the Proposed Shareholders' Mandate of the Company dated 30 April 2026.

8. Ordinary Resolution No. 9 - Proposed Renewal of Share Buy-Back Mandate

Ordinary Resolution 9 proposed under item 10 of the Agenda, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the 27th AGM is required by law to be held.

Further information on the Proposed Renewal of Share Buy-Back is set out in the Share Buy Back Statement of the Company dated 30 April 2026.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING



SMIS CORPORATION BERHAD
 [Registration No. 199901016957 (491857-V)]
 (Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS ON THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27th AGM”) OF SMIS CORPORATION BERHAD

Meeting Date	:	Thursday, 28 May 2026
Time	:	10.00 a.m.
Venue	:	Seminar Room 1, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Dear Valued Shareholders,

The Company will conduct its forthcoming 27th AGM in accordance with Clause 64 of the Constitution of the Company.

DIGITAL COPIES OF AGM DOCUMENTS

1. As part of our dedicated commitment to sustainable practices, the following documents can be downloaded from Bursa Malaysia Securities Berhad’s website at <http://www.bursamalaysia.com> OR SMIS Corporation Berhad’s website at <http://www.smis.com.my/news.php> OR scan the QR code below:
 - a. Notice of the 27th AGM and Proxy Form;
 - b. Annual Report 2025;
 - c. Circular/Statement to Shareholders on Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares (“**Circular/Statement to Shareholders**”); and
 - d. Corporate Governance Report 2025.



- i) Use the QR Code Reader on your Android or iOS smartphone.

If your smartphone is not installed with a QR Code Reader, you can download from the Google Play/iOS Store.

- ii) Scan the code using your smartphone. This will take you to the relevant page on our website and you may download the latest PDF file(s) shown on the webpage.

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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2. If you need a copy of the printed Annual Report 2025 and the Circular/Statement to Shareholders, kindly complete the Requisition Form and send by post or login to Boardroom Smart Investor Portal to request for a printed copy of the Annual Report 2025 and the Circular/Statement to Shareholders as follows:-

Step 1 : Log in to <https://investor.boardroomlimited.com>.

Step 2 : An OTP will be sent to your email for verification.

Step 3 : At left-menu, click on <<**Investor Services**>> and <<**Request For Annual Report and Circular**>>.

Step 4 : Please select the company name or Bursa stock code before completing the online request form.

Step 5 : Please click <<**Submit**>> button to send your request.

3. Any request for the printed Annual Report 2025 and the Circular/Statement to Shareholders would be forwarded to the requestor within four (4) market days from the date of receipt of the written request.

ENTITLEMENTS TO PARTICIPATE AND VOTE

Only a depositor whose name appears in the Record of Depositors as at **21 May 2026** is entitled to participate and/or vote at the said meeting or appoint proxies to participate and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

FORM(S) OF PROXY

If a shareholder is unable to attend the 27th AGM on Thursday, 28 May 2026, he/she can appoint the Chairman of the meeting or a proxy to participate and vote in his/her stead. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM, latest by **Tuesday, 26 May 2026 at 10.00 a.m.** or at any adjournment thereof, as follows: -

(i) In hard copy form

Please submit your Proxy Form to the Share Registrar's Office of the Company, Boardroom Share Registrar Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

(ii) By electronic means

You may also submit the Proxy Form via electronic means ("**e-Proxy**") through the BoardRoom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "**Submit eProxy Form**" no later than the aforementioned date and time. The procedures to your Proxy Form are summarised below: -

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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Procedure	Action
1. Register Online with BoardRoom Smart Investor Portal (for first time registration only)	<p><i>[Note: If you have already signed up with BoardRoom Smart Investor Portal, you are not required to register. You may proceed to Step 2 - Appointment of Proxy]</i></p> <ol style="list-style-type: none"> a. Access website https://investor.boardroomlimited.com b. Click <<Register>> to sign up as a user. c. Please select the correct account type, i.e. sign up as “Shareholder” or “Corporate Holder”. d. Complete the registration and upload a softcopy of your MyKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG, PNG or PDF Format. e. For Corporate Holder, kindly upload the authorisation letter and click <<Sign Up>>. f. You will receive an email from Boardroom for email address verification. Click <<Verify Email Address>> from the email received to continue with the registration. g. Once your email address is verified, you will be re-directed to BoardRoom Smart Investor Portal for verification of mobile number. Click <<Request OTP Code>> and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click <<Enter>> to complete the process. h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.
2. Appointment of Proxy (User ID and Password)	<p>Registration for appointment of proxy will be opened on Thursday, 30 April 2026. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the 27th AGM, i.e. latest by Tuesday, 26 May 2026 at 10.00 a.m.</p> <p>Appointment of Proxy - Individual Members</p> <ol style="list-style-type: none"> a. Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b. After login, an OTP code will be sent to your registered email for verification. c. Select <<SMIS CORPORATION BERHAD 27TH ANNUAL GENERAL MEETING>> from the list of Meeting Event(s) and click <<Enter>>. d. Click on <<Submit eProxy Form>>. e. Read and accept the General Terms and Conditions by clicking <<Next>>. f. Enter your CDS Account Number and number of securities held. Select your proxy - either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). g. Indicate your voting instructions - “FOR” or “AGAINST” or “ABSTAIN”. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate “DISCRETIONARY”. h. Review and confirm your proxy appointment. i. Click <<Apply>>. j. Download or print the eProxy form as acknowledgement.

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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Procedure	Action
	<p>Authorised Nominee and Exempt Authorised Nominee</p> <p>Via BoardRoom Smart Investor Portal</p> <ol style="list-style-type: none"> Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select <<SMIS CORPORATION BERHAD 27TH ANNUAL GENERAL MEETING>> from the list of Meeting Event(s) and click <<Enter>>. Click on <<Submit eProxy Form>>. Select the company you would like to represent (if more than one). Proceed to download the file format for “Submission of Proxy Form” from BoardRoom Smart Investor Portal. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Review and confirm your proxy appointment and click <<Submit>>. Download or print the eProxy form as acknowledgement. <p><i>Note: if you wish to appoint more than one (1) company, kindly click the home button and select <<Edit Profile>> in order to add company name.</i></p> <p>Via email</p> <ol style="list-style-type: none"> Write in to bsr.proxy@boardroomlimited.com by providing the name of Corporate Holder, CDS account number accompanied with the certificate of appointment of corporate representative or Proxy Form (as the case may be) to submit the request. Please provide a copy of corporate representative's or proxy's MyKAD (front and back) or Passport as well as his/her email address.

REVOCATION OF PROXY

If you have submitted your Proxy Form prior to the 27th AGM and subsequently decide to appoint another person or if you wish to participate at the 27th AGM yourself, please revoke the appointment of proxy/proxies at least forty-eight (48) hours before the 27th AGM. Please find below the steps for revocation of the eProxy Form or hard copy Proxy Form:

eProxy Form	Hard copy Proxy Form
<ul style="list-style-type: none"> ➤ Click “Meeting Event” and Enter “SMIS CORPORATION BERHAD 27TH ANNUAL GENERAL MEETING” ➤ Go to “Submitted eProxy Form list” and click “View” for the eProxy Form. ➤ Click “Cancel/Revoke” at the bottom of the eProxy Form. ➤ Click “Proceed” to confirm. 	<p>Please write in to bsr.proxy@boardroomlimited.com to revoke the appointment of proxy/proxies.</p>

CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the meeting.

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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VOTING PROCEDURE

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 27th AGM will be conducted by poll. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the polling procedure and Sky Corporate Services Sdn. Bhd. as Independent Scrutineer to verify and validate the poll results.
2. During the 27th AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the voting procedure. The voting session will begin when the Chairman announces the start of the poll and will continue until the Chairman declares the poll closed.
3. Poll slip for all the resolutions as set out in the Notice of 27th AGM will be collected by the Poll Administrator upon conclusion of the deliberations of all the businesses to be transacted at the 27th AGM.
4. The Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or otherwise.

REGISTRATION PROCEDURES

1. Registration will start at 9.00 a.m. at the venue and close before the voting session begins or such time as may be determined by the Chairman of the meeting.
2. Please present your original MyKad/passport to the registration staff for verification.
3. Upon verification, you are required to write your name and sign the attendance list placed on the registration table.
4. You will be given an identification wristband upon registration and only be allowed to enter the meeting hall if you are wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
5. If you are attending the meeting as a member as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
6. No person will be allowed to register on behalf of another person even with the original MyKad/passport of the other person.

PRE-MEETING SUBMISSION OF QUESTIONS

In order to enhance the efficiency of the proceedings of the 27th AGM, the shareholders may submit questions to the Company via e-mail to corporate@smis.com.my **not later than Thursday, 21 May 2026 at 5:00 p.m.** If time permits, the Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the 27th AGM. The shareholders are encouraged to submit questions before the 27th AGM as priority will be given to questions submitted before the 27th AGM.

HELP DESK

A help desk will be stationed at the meeting venue for any clarification or queries apart from registration details, including revocation of proxy's appointment.

FOOD AND BEVERAGE

Light refreshment will be provided before the 27th AGM.

ADMINISTRATIVE GUIDE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

cont'd

RECORDING OR PHOTOGRAPHY AT THE 27TH AGM

Strictly no recording or photography of the 27th AGM proceedings is allowed.

ENQUIRY

If you have any general queries prior to the meeting, please contact the following persons during office hours from Mondays to Fridays, 8.30 a.m. to 5.30 p.m. (except on public holidays):-

Boardroom Share Registrars Sdn. Bhd. [Registration No. 199601006647 (378993-D)]

Address	11 th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia
General Line	+603-7890 4700
Fax Number	+603-7890 4670
Email	bsr.proxy@boardroomlimited.com

SMIS Corporation Berhad [Registration No. 199901016957 (491857-V)]

General Line	+603-5880 0900
Email	corporate@smis.com.my

PERSONAL DATA POLICY

By submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



SMIS CORPORATION BERHAD
 [Registration No. 199901016957 (491857-V)]
 (Incorporated in Malaysia)

Number of shares held	CDS Account No.

PROXY FORM

I/We, _____ NRIC/Passport/Company No. _____
 (NAME IN FULL AND IN BLOCK LETTERS)

of _____
 (FULL ADDRESS)

and Telephone no./Email address _____ being a member/members of **SMIS CORPORATION BERHAD**

("Company"), hereby appoint _____ NRIC/Passport No. _____
 (NAME IN FULL AND BLOCK LETTERS)

of _____
 (FULL ADDRESS)

and Telephone no./Email address _____ and/or failing him/her, _____
 (NAME IN FULL AND BLOCK LETTERS)

NRIC/Passport No. _____ of _____
 (FULL ADDRESS)

_____ (FULL ADDRESS)

and Telephone no./Email address _____ or failing him/her, *THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Twenty-Seventh ("27th") Annual General Meeting ("AGM") of the Company, to be held at Seminar Room 1, Kelab Golf Negara Subang, Jalan SS 7/2, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 28 May 2026 at 10:00 a.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of the 27th AGM.

* Please delete the words "THE CHAIRMAN OF THE MEETING" if you wish to appoint some other person to be your proxy.

My/our proxy is to vote as indicated below:

No.	Resolution	For	Against
Ordinary Resolution 1	Declaration of a final single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 31 December 2025.		
Ordinary Resolution 2	Approval of the payment of Non-Executive Directors' Fees up to an aggregate amount of RM200,000.00 in respect of the financial year ending 31 December 2026 and the payment of Benefits Payable up to an aggregate amount of RM50,000.00 to the Non-Executive Directors for the period from the 27 th AGM until the next AGM of the Company in year 2027.		
Ordinary Resolution 3	Re-election of Mr Ng Wai Kee who is retiring under Clause 96 of the Company's Constitution.		
Ordinary Resolution 4	Re-election of Mr Tan Hock Soon who is retiring under Clause 96 of the Company's Constitution.		
Ordinary Resolution 5	Re-appointment of Baker Tilly Monteiro Heng PLT as Auditors of the Company and authorisation for the Directors to fix their remuneration.		
Ordinary Resolution 6	Authority for Mr Oei Kok Eong to continue in office as Independent Non-Executive Director.		
Ordinary Resolution 7	Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.		
Ordinary Resolution 8	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
Ordinary Resolution 9	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares.		

(Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)

Signed this _____ day of _____ 2026

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:-

	Percentage	%
First proxy	_____	%
Second proxy	_____	%
Total	<u>100</u>	%

Signature of Member(s)^

^ Manner of execution:-

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this Form of Proxy should be executed under seal in accordance with the Constitution of your corporation.
- If you are a corporate member which does not have a common seal, this Form of Proxy should be affixed with the rubber stamp of your corporation (if any) and executed by:-
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any Director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Fold This Flap For Sealing

NOTES:

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 21 May 2026 shall be eligible to participate in the AGM or appoint proxy(ies) to participate and vote on his/her behalf.
2. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to participate and vote on his/her behalf. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The Proxy Form shall be signed by the appointer of his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of the attorney.
7. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through BoardRoom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to bsr.proxy@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 27th AGM in order to deposit the Proxy Form electronically.

Then Fold Here

AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN. BHD.
[Registration No. 199601006647 (378993-D)]
11TH FLOOR, MENARA SYMPHONY
NO. 5, JALAN PROF. KHOO KAY KIM
SEKSYEN 13
46200 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

1st Fold Here

8. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in the 27th AGM by yourself, please write in to bsr.proxy@boardroomlimited.com or log in to BoardRoom Smart Investor Portal at <https://investor.boardroomlimited.com> for the revocation of proxy, the procedures of which is provided in the Administrative Guide for the 27th AGM, to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
9. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of the 27th AGM will be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

www.smis.com.my



SMIS CORPORATION BERHAD
[Registration No. 199901016957 (491857-V)]

Lot 3, Jalan Pemaju U1/15, Seksyen U1,
Hicom Glenmarie Industrial Park,
40150 Shah Alam, Selangor Darul Ehsan,
Malaysia

T | 03 5880 0900