



EURO Holdings Berhad  
[200401008055 (646559-T)]

Annual Report **2023**



Inspiration **at Work**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Lt Gen (R) Dato' Sri Sabri bin Adam**  
Independent and Non-Executive Chairman

**Dato' Sri Lim Teck Boon**  
Group Managing Director

**Datuk Lim Sze Way**  
Group Deputy Managing Director

**Tan Poh Ling**  
Non-Independent and Non-Executive Director

**Chua Yeow Fatt**  
Independent and Non-Executive Director  
(appointed w.e.f 3 June 2022)

**Datuk Azmi bin Hussain**  
Independent and Non-Executive Director  
(appointed w.e.f 11 May 2023)

**Yip Kit Weng**  
Independent and Non-Executive Director  
(appointed w.e.f 14 July 2023)

#### AUDIT COMMITTEE

Chua Yeow Fatt -Chairman  
(appointed w.e.f 11 May 2023 and redesignated  
w.e.f 31 May 2023)  
Datuk Azmi bin Hussain -Member  
(appointed w.e.f 31 May 2023)  
Yip Kit Weng  
(appointed w.e.f 26 October 2023)

#### REMUNERATION COMMITTEE

Yip Kit Weng - Chairman  
(appointed w.e.f 26 October 2023)  
Tan Poh Ling - Member  
Chua Yeow Fatt-Member  
(appointed w.e.f 11 May 2023)

#### NOMINATION COMMITTEE

Tan Poh Ling-Chairperson  
Chua Yeow Fatt - Member  
(appointed w.e.f 11 May 2023)  
Yip Kit Weng  
(appointed w.e.f 26 October 2023)

#### COMPANY SECRETARIES

Tan Tong Lang  
(MAICSA 7045482/SSM PC NO. 202208000250)  
Thien Lee Mee  
(LS0010621/SSM PC No. 201908002254)

#### REGISTERED OFFICE

B-21-1, Level 21, Tower B,  
Northpoint Mid Valley City,  
No. 1, Medan Syed Putra Utara,  
59200 Kuala Lumpur, Wilayah Persekutuan.  
Tel : (603) 9770 2200  
Fax : (603) 9770 2239  
Email : boardroom@boardroom.com.my

#### HEAD OFFICE

Menara Euro,  
Lot 20111, Jalan TTC12,  
Kawasan Perindustrian Cheng,  
Mukim Cheng, Daerah Melaka Tengah,  
Melaka  
Tel : (606) 3373 809  
Email : corporate@eurochairs.com  
Website: www.euroholdings.com.my

#### AUDITORS

**ChengCo PLT**  
(LLP0017004-LCA & AF0886)  
No. 8-2, 10-1 & 10-2,  
Jalan 2/114,  
Kuchai Business Centre,  
Off Jalan Klang Lama,  
58200 Kuala Lumpur.  
Tel : (603) 7984 8988  
Fax : (603) 7984 4402

#### SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd  
B-21-1, Level 21, Tower B,  
Northpoint Mid Valley City,  
No. 1, Medan Syed Putra Utara,  
59200 Kuala Lumpur, Wilayah Persekutuan.  
Tel : (603) 9770 2200  
Fax : (603) 9770 2239  
Email : admin@aldpro.com.my

#### PRINCIPAL BANKERS

CIMB Bank Berhad  
AmBank (M) Berhad

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : EURO  
Stock Code : 7208

## CORPORATE STRUCTURE



**EURO Holdings Berhad**  
200401008055 (646559-T)



## DIRECTORS' PROFILES

### Lt Gen (R) Dato' Sri Sabri bin Adam

*Independent and Non-Executive Chairman  
Malaysian, Male, Aged 66*

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Lt Gen (R) Dato' Sri Sabri bin Adam ("DSSA") joined the Board of Directors on 25 February 2022 and was appointed as the Independent and Non-Executive Chairman of EURO.

DSSA is a graduate of Defence and Strategic Studies from the Chinese People's Liberation Army National Defence University. He also holds a Master of Art Degree in Defence Studies from the National University of Malaysia. In recognition for his outstanding service to the country, DSSA was conferred the Sri Sultan Ahmad Shah Pahang (SSAP) which carries the title Dato' Sri as well as a few other Awards from His Royal Highness the King of Malaysia.

DSSA joined the Malaysian Armed Forces as an Officer Cadet on 27 May 1975 and was commissioned into the Royal Malaysian Air Force as a Second Lieutenant on 11 November 1975.

Throughout his service career, DSSA has held various appointments at the units, Formation HQ, Air Force HQ as well as the Armed Forces HQ. DSSA had served as Flight Commander at the operational flying squadron, Assistant Defence Attache in Ankara, Turkey, Assistant Chief of Staff Operations (J3) at the Malaysian Armed Forces Joint Force Headquarters as well as the Assistant Chief of Staff Defence Planning (J5) at the Malaysian Armed Forces Headquarters. His last appointment prior to his retirement in 2017 was the Chief of Staff at the Malaysian Armed Forces HQ in the Ministry of Defence Kuala Lumpur.

DSSA does not have any other directorships in any public companies.

### Dato' Sri Lim Teck Boon

*Group Managing Director  
Malaysian, Male, Aged 41*

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Dato' Sri Lim Teck Boon ("Dato' Sri Lim") is currently the Group Managing Director of EURO and is the major shareholder of the Company. Dato' Sri Lim was appointed to the Board on 27 May 2020.

Dato' Sri Lim has more than 23 years of experience in the manufacturing and supplying of steel-related products, mainly to the automotive and construction industries. He is currently the shareholder and director of several private limited companies which are principally involved in the manufacturing and supplying of automotive parts including but not limited to exhaust systems, mufflers, and safety bars. Dato' Sri Lim has established an extensive network of clientele in Malaysia for the trading of steel-related products.

Dato' Sri Lim has also in recent years ventured into business relating to property development and has successfully completed the development of, inter alia, industrial factories as well as commercial shop lots and a hotel. Dato' Sri Lim has been actively involved in the management and operations of such private limited companies and steered the growth of these companies.

Dato' Sri Lim does not have any other directorships in any public companies. Dato' Sri Lim is the brother of Datuk Lim Sze Way who is the Group Deputy Managing Director of EURO.

## Directors' Profiles (cont'd)

### Datuk Lim Sze Way

*Group Deputy Managing Director  
Malaysian, Female, Aged 43*

Datuk Lim Sze Way ("Datuk Lim") was appointed as the Group Deputy Managing Director of EURO on 27 May 2020. Datuk Lim graduated from Multimedia University with a Bachelor of Accounting.

Datuk Lim started her banking career in 2003 with Malayan Banking Berhad as an Account Officer at Maybank Business Centre, Melaka where she was responsible for business development with customers to drive growth and maintain customer relationships.

In 2008, Datuk Lim joined Bank of China, Kuala Lumpur as Relationship Manager where her business development portfolio was extended to cover large local and China-based corporate customers.

Datuk Lim is also a Personal Assistant to the Managing Director of a group of private limited companies principally involved in the manufacture and trading of automotive parts, lubricants and property development.

Datuk Lim does not have any other directorships in any public companies. Datuk Lim is the sister of Dato' Sri Lim Teck Boon who is the Group Managing Director and major shareholder of EURO.

### Tan Poh Ling

*Non-Independent and Non-Executive Director  
Malaysian, Female, Aged 53  
Chairperson of Nomination Committee  
Member of Remuneration Committee*

Madam Tan Poh Ling ("Madam Tan") was appointed as an Independent Non-Executive Director of EURO on 21 January 2009 and redesignated as a Non-Independent Non-Executive Director on 31 May 2023.

Madam Tan obtained her professional qualification from the Malaysian Association of Certified Public Accountant while she was working with an international accounting firm, PriceWaterhouse Coopers Malaysia, from 1990 to 1995. She is registered as a Chartered Accountant with the Malaysian Institute of Accountants and a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants. She is also a Financial Planner with the Financial Planning Association of Malaysia and an associate member of the Chartered Tax Institute of Malaysia.

Madam Tan has more than 29 years of experience in auditing, accounting, taxation and corporate finance, and has worked in a multinational corporation. She is currently the Managing Partner of Total International Associates, an auditing and business advisory firm that she established in 2004. Currently, she is an Independent and Non-Executive Director and the Audit Committee Chairperson of Padini Holdings Berhad.

## Directors' Profiles (cont'd)

### Chua Yeow Fatt

*Independent and Non-Executive Director*  
*Malaysian, Male, Aged 56*  
*Chairman of Audit Committee*  
*Member of Nomination and Remuneration Committee*

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Chua Yeow Fatt ("Mr Chua") was appointed as an Independent Non-Executive Director of EURO on 3 June 2022.

Mr. Chua is registered member with the Malaysian Institute Accountants ("MIA") since 1995.

Mr. Chua graduated from University Utara Malaysia in 1991 with Bachelor Accounting Degree (Honours). He holds a Master of Business Administration from Charles Sturt University, Australia in 2002.

Mr Chua has 16 years of working experience which include being a lecturer in several local private institutions. He began his career with international auditing firm KPMG in July 1991 upon graduation. After several years with KPMG, he left and joined several others Multi-National Companies (MNC) at finance managerial and controller level for several years.

He left DHL Cyberjaya as the Head of Project Controller/ Business Controller in 2007. After 2007, Mr Chua set up his own accounting practises which provides services such as corporate secretarial, corporate tax advice, auditing services and other related management service.

Mr. Chua does not have any other directorships in any other public companies.

### Datuk Azmi Bin Hussain

*Independent and Non-Executive Director*  
*Malaysian, Male, Aged 63*  
*Member of Audit Committee*

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Datuk Azmi bin Hussain ("Datuk Azmi") was appointed to the Board of Euro Holdings Berhad on 11 May 2023. Datuk Azmi is a member of the Audit Committee.

Datuk Azmi graduated from University Kebangsaan Malaysia with a Degree in Economics. He started his career as an Administrative Officer with Perbadanan Kemajuan Negeri Melaka in September 1985 where he served for 16 years before serving as the Secretary of Majlis Bandaraya Melaka Bersejarah ("**MBMB**") from February 2001 to December 2012.

In December 2012, Datuk Azmi was appointed as the Chief Executive Officer ("**CEO**") of Perbadanan Kemajuan Tanah dan Adat for a one-year term before being appointed as the CEO of Pusat Zakat Melaka for a two (2)-years term in January 2014. In January 2016, he was then appointed as the CEO of Perbadanan Kemajuan Negeri Melaka ("**PKNM**").

Datuk Azmi was later appointed as the Mayor of MBMB from June 2018 to December 2018. He later assumed the position of CEO of Tabung Amanah Melaka from January 2019 to June 2019.

Datuk Azmi does not have any other directorships in any public companies.

## Directors' Profiles (cont'd)

### YIP KIT WENG

*Independent and Non-Executive Director  
Malaysian, Male, Aged 52  
Chairman of Remuneration Committee  
Member of Nomination and Audit Committee*

Yip Kit Weng ("Mr Yip") was appointed as an Independent Non-Executive Director of EURO on 14 July 2023. Mr Yip is a fellow member of CPA Australia since 1993. He is also a member of the Chartered Tax Institute of Malaysia and a Chartered Accountant with the Malaysian Institute of Accountants. In 2002, Mr Yip successfully became a Certified Financial Planner with the Financial Planning Association of Malaysia.

Mr Yip has approximately 30 years of experience in Equity Fundraising, Corporate Finance and Advisory Services, Corporate Banking, Private Debt Securities Issuances and Private Equity Transactions. Prior to this, he was the Deputy Group Managing Director of Affin Hwang Investment Bank Berhad from October 2019 to November 2021. From December 2019 to October 2021, Mr Yip also served as Non-Independent Non-Executive Director of Affin Hwang Asset Management Berhad and ALLMAN Asset Management Sdn Bhd.

Prior to that, Mr Yip was the Executive Director and Head of Investment Banking at Nomura Securities Malaysia Berhad since 2014. Preceding this, he held the position of Director/Team Head, Corporate and Investment Banking Services at RHB Investment Bank. He also served 3.5 years from 2010 to 2013, as Director of Equity Capital Markets with CIMB Investment Bank Berhad.

He started his career in 1993 with Messrs PriceWaterhouseCoopers before joining Utama Merchant Bank Berhad (formerly known as Utama Wardley Berhad) three years later. He spent a total of eight years as Senior Manager, Corporate Finance with Utama Merchant Bank Berhad and also worked as Executive Director with AFG Global Services Sdn Bhd and AFG Advisory Sdn Bhd from 2004 to 2008.

He also currently serves as a Divisional Councilor for CPA Australia Malaysia Division effective January 2021 and was recently elected as Deputy President for the calendar year 2023. Mr Yip also serves as a Member of the Faculty of Business Industry Advisory Board, Curtin University Malaysia (2023-2026).

Mr Yip is currently serving as an Independent Non-Executive Director of Esente Capital Berhad, PCA Capital Market Sdn Bhd, Privasia Technology Berhad (listed on the Ace Market of Bursa Malaysia Securities Berhad) and Independent Non-Executive Chairman of Frugl Group Limited (listed on the Australian Stock Exchange).

#### NOTES:

Save as disclosed above, none of the Directors have:

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL DESCRIPTION OF THE GROUP'S BUSINESS

The Group is principally involved in manufacturing and trading of office furniture as well as property development. The Manufacturing Division started in 1976 and has grown over the 40 years to be one of the leading office furniture manufacturers in Malaysia, providing workspace solutions to customers nationwide and internationally. The Manufacturing Division owns and operates three manufacturing plants in Rawang, Selangor and on two (2) rented properties in Melaka. In 2023 The Manufacturing Division disposed off a property in Rawang.

The Group diversified into property development business in 2011 to broaden its revenue base. However after the completion of the sole project in 2023, the Group has sold the said operation.

## REVENUE

The Group's revenue for the financial period ended 30 June 2023 (FPE2023) was RM225.9 million, an increase of RM146.5 million or 185% as compared to RM79.4 million the previous year. The higher Group revenue was attributable to the change in accounting year end from 31 December to 30 June. Apart from that, the Manufacturing Division contributed to a higher revenue due to the continuous demand for steel related products. The property development business contributed approximately RM9.0 million to the revenue after obtaining the Certificate of Completion and Compliance in 2023.

## COST AND EXPENSES

Total cost and expenses before finance cost for FPE2023 amounted to RM238.4 million, an increase of RM137.2 million as compared to RM101.2 million the previous year. The increase was mainly attributable to increase of Cost of Sales by RM134.4 million to RM225.3 million as compared to RM90.9 million reported in FYE2021, the higher cost was mainly due to surge in cost of raw material which has resulted in a marginal gross profit of 0.28%.

## OTHER INCOME

Other income for FPE2023 was RM54.9 million an increase of RM53.1 million as compared to RM1.8 million in FYE2022 mainly attributable to gain on disposal of a subsidiary and gain on disposal of a piece of property during the financial period under review.

## FINANCE COST

Interest expense and other finance costs for FPE2023 was RM6.2 million as compared to RM2.0 million as reported in FYE2021, an increase of RM4.2 million due to interest payable to amount due to a Director and lease liabilities.

## TAXATION

The Group's taxation for FPE2023 was RM0.1 million as compared to tax credit of RM0.1 million reported in FYE 2021. The taxation was lower mainly due to under provision in prior years.

## PROFIT / (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company for FPE2023 was RM1.4 million as compared to a loss of RM21.7 million as at 31 December 2021. The profit being mainly attributable to the revaluation of a property during the financial period under review.

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalent of the Group decreased by RM4.5 million, from negative RM6.0 million as at 30 June 2023 to negative RM10.5 million as at 31 December 2021. The decrease was mainly attributable to settlement of overdraft during the financial period under review.

## Management Discussion And Analysis (cont'd)

### GEARING

The gearing ratio of the Group as at 30 June 2023 was 15% as compared to 44% as at 31 December 2021, the decrease was mainly due settlement of borrowing during the financial period. The gearing ratio is calculated as net debt divided by total equity. Net debt, which is calculated as total borrowings less deposits, short term funds and cash and bank balances.

### ASSETS

Total assets of the Group as at 30 June 2023 was RM121.3 million as compared to RM109.4 million as at 31 December 2021. The increase of RM11.9 million was mainly attributable to the revaluation of a property in 2023.

### LIABILITIES

Total liabilities of the Group as at 30 June 2023 was RM45.6 million as compared to RM65.9 million as at end of 31 December 2021. The decrease of RM20.3 million was mainly due to settlement of bank borrowing amounting to RM11.5 million and amount owing to a Director amounting to RM6.6 million during the financial period under review.

### OPERATING REVIEW

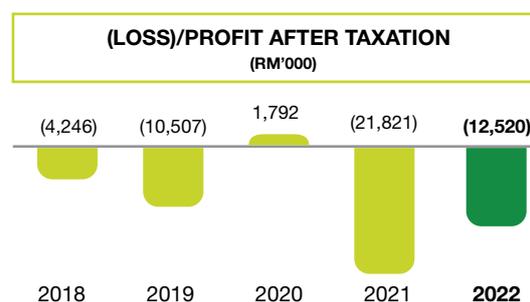
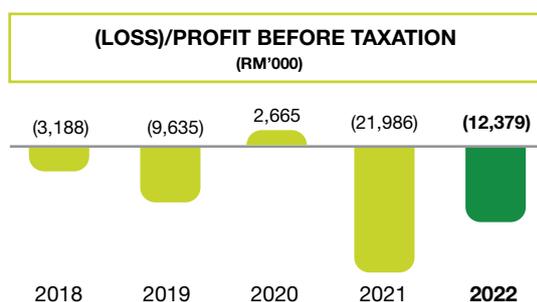
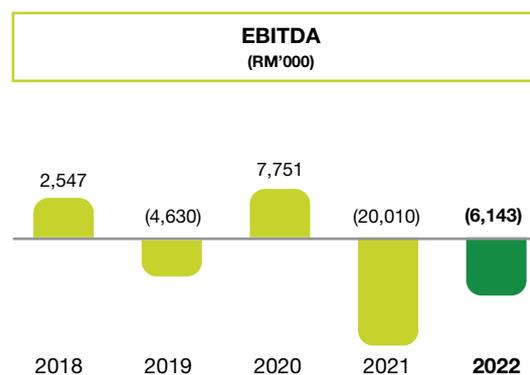
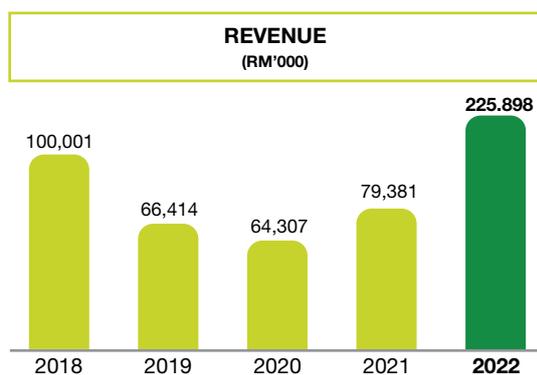
The Group's loss before interest and tax for FPE2023 was RM6.0 million as compared to a loss of RM20.0 million of the previous year.

## GROUP FINANCIAL HIGHLIGHTS

	Financial Period/Year Ended				
	2023 <sup>^^</sup>	2021	Restated 2020	Restated 2019	Restated 2018
<b>Operating Results (RM'000)</b>					
Revenue	225,898	79,381	64,307	66,414	100,001
EBITDA	(6,143)	(20,010)	7,751	(4,630)	2,547
(Loss)/Profit before taxation	(12,379)	(21,986)	2,665	(9,635)	(3,188)
(Loss)/Profit after taxation	(12,520)	(21,821)	1,792	(10,507)	(4,246)
Net Profit/(Loss) attributable to equity holders	1,384	(21,736)	1,764	(10,508)	(4,271)
<b>Key Data of Statement on Financial Position (RM'000)</b>					
Total assets	121,309	109,389	124,766	145,683	148,836
Net borrowings	10,965	19,312	22,216	45,965	35,162
Shareholders' equity	75,001	44,328	64,473	65,691	76,199
<b>Share Information &amp; Key Financial Ratios</b>					
Return on equity (%)	(16.69)	(49.23)	2.78	(15.99)	(5.57)
Return on total assets (%)	(10.32)	(19.95)	1.44	(7.21)	(2.85)
Gearing ratio (times)	0.15	0.44	0.34	0.70	0.46
Interest cover (times)	0.99	10.13	1.92	3.38	(0.52)
Number of Ordinary Share In Issue ('000) <sup>^</sup>	1,063,397	801,900	801,900	801,900	801,900
PE ratio (times)	372.65	(17.89)	1,318.32	(12.59)	(24.41)
(Loss)/Earnings per share attributable to equity holders (sen) <sup>#</sup>	0.13	(2.71)	0.22	(1.31)	(0.53)
Net asset per share (sen)	7.05	5.53	8.04	8.19	9.50
Share price as at financial year end (sen)	48.5	48.5	290	16.5	13.0

### Notes

- # The (Loss)/ Earnings Per Share is arrived at by dividing the Group's (loss)/profit attributable to equity holders by the number of ordinary shares in issue during the year.
- <sup>^</sup> Restated for FYE 2017 to FYE 2019 to reflect the retrospective adjustment arising from the bonus issue completed in FYE 2020
- <sup>^^</sup> Changed in financial year end from 31 December to 30 June and for financial period (FPE) ended 2023 it makes up from 1 January 2022 to 30 June 2023



# SUSTAINABILITY STATEMENT

## Introduction

The Board of Directors (“Board”) of Euro Holdings Berhad (“Euro” or the “Company”) views sustainability as an integral part of business in creating long term value for the stakeholders of Euro and its subsidiaries (the “Group”).

Despite the restriction on and challenges to our operations arising post COVID-19 pandemic which not only have impacted our business but our stakeholders too, hence it is imperative for our business to carry out our activities responsibly.

In line with the sustainability disclosure requirements of Bursa Malaysia Securities Berhad (“Bursa”), the Board of Euro presents this detailed Sustainability Statement (“Statement”) which discusses the Group’s sustainability risks and opportunities in the thematic categories of economic, environmental and social (“EES”).

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa and has considered the Sustainability Reporting Guide – 2nd Edition, and its accompanying Toolkits, issued by Bursa, as well as international sustainability reporting better practices.

The scope of this Statement focuses on the Group’s key business division, namely the Manufacturing Segment.

## Governance Structure

In embedding sustainability considerations in the Group’s business, we leveraged on the enterprise risk management governance process and enhanced the roles of the Board, the Audit Committee, Executive Director, Chief Financial Officer and Senior Management, including Heads of Department, to account for, lead and monitor sustainability strategies and considerations in the Group’s businesses.

The Board brings leadership by setting the corporate strategy for the Company and adopting a strategic plan which supports long-term value creation, including strategies on EES considerations underpinning sustainability. The Board is assisted by the Audit Committee in the review of Group’s sustainability strategies and material sustainability matters, including monitoring the management of the matters identified on an annual basis.

At the Senior Management level, Managing Director ensure a sustainability process is in place to identify, assess, prioritise, manage and report on the Group’s material sustainability matters. The Chief Financial Officer oversees the implementation of the Group’s material sustainability matters, including ensuring policies, measures and indicators guiding the management of these matters are in place and reviewing the performance of these matters

## Materiality Process

The Group has undertaken a stakeholder review process to systematically identify and assess the Group’s stakeholder groups. These stakeholder groups include, but not limited to, the following, in no particular order:

- government agencies, regulators and authorities;
- shareholders and investors;
- customers;
- suppliers;
- employees;
- communities;
- distributors and agents; and
- financial institutions and lenders.

The Group’s Senior Management performed a materiality assessment on the Group’s EES matters to identify, assess and prioritise sustainability matters material to the Group. The assessment considers:

- (i) matters which reflect the Group’s significant EES impact; and
- (ii) matters which substantively influence the assessments and decisions of stakeholders.

The Group’s Material Sustainability Matters are discussed in detail in the following section.



## Sustainability Statement (cont'd)

### Material Sustainability Matters (cont'd)

#### Wastewater Management

As the manufacturing of Euro's products involves surface treatment of metal sheets, the wastewater generated from the washing of processed metal sheets will have metal content that is hazardous if disposed directly to the watercourse. Substances such as zinc, manganese, iron and sulphide, even at a low concentration, are toxic to aquatic life and if present in watercourse may render the watercourse unsuitable as a source for public water supply.

The Group is uncompromising in ensuring these hazardous contents do not affect the public water system and has built an industrial effluent treatment system ("IETS") for its metal sheet surface treatment process. The IETS is designed to treat such wastewater and ensure the water discharged after treatment is maintained at a safe level, which also complies with the discharge standards set by the Department of Environment ("DoE").

To ensure the performance of IETS, the Group engages with qualified contractor to perform periodic maintenance and servicing of the IETS system. In addition, the Group also conducts periodic laboratory testing of its discharged water to monitor the water quality, considering, amongst others, acidity, temperature, chemical oxygen demand ("COD"), biological oxygen demand ("BOD"), total suspended solid, as well as concentration levels of zinc, manganese, iron and sulphide.

Furthermore, the Group has adopted, and obtained certification for, ISO 14001:2015 – Environmental Management Systems, which was successfully renewed during the financial period under review

#### Occupational Safety and Health

In the Group's manufacturing segment, employees may be required to perform work which may carry certain safety and health concerns. For example, exposure to fumes arising from the welding process may lead to nausea, dizziness, eye, nose and throat irritation, and even cancer if under prolonged exposure. Another example is employees working with machinery, equipment or sharp tools are exposed to greater risk of physical injury such as cuts or crush injury.

The Group views employees' safety and health as a significant business concern and has put in place tight processes and controls to manage this risk. The Group's aims not to have any serious injury or fatality, as an objective of the management of its occupational safety and health risk.

Guided by international standards of the ISO 45001:2018 – Occupational Health and Safety Management Systems, the Group conducts and periodically reviews its Hazard Identification and Risk Assessment to identify high risk areas pertaining to health and safety in its operations. Accordingly, controls are put in place, or enhanced where required, and embedded in the Standard Operating Procedures ("SOP") by which employees are guided when performing their work.

For employees exposed to health and safety hazards, such as welders and employees working with machinery, equipment and sharp tools, personal protection equipment ("PPE") such as respirator, face shield, safety shoes, safety gloves, is provided at the cost of the Group, etc. In addition, PPE trainings are also provided to employees to ensure proper usage.

The Group ensures safety stoppers and emergency stop buttons are well functioning in case of any emergency. All new employees receive trainings, including safety trainings, before performing the job and on the job training. Employees are also trained to use fire extinguishers to cater for any emergency fire situations.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Euro Holdings Berhad (“**EURO**” or “**the Company**”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“**the Group**”) as a fundamental part of discharging its duties to enhance shareholders’ values consistent with the broad principles, intended outcomes, guidance and recommendations for good corporate governance and best practices for listed companies as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) and the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Pursuant to Paragraph 15.25(1) and Practice Note 9 of the MMLR of Bursa Securities, the Board is pleased to present this Corporate Governance Overview Statement which provides a summary on the Company’s corporate governance practices during the FPE 2023 with reference to the following three (3) key corporate governance principles as advocated in the MCCG:

Principle A Board Leadership and Effectiveness;

Principle B Effective Audit and Risk Management; and

Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Shareholders are encouraged to review this CG Statement together with the Corporate Governance Report (“CG Report”), which provides detailed disclosures on the application of each practice. Both the CG Statement and CG Report are made available on Bursa Securities’ website at <https://www.bursamalaysia.com>.

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

#### Board Responsibilities

The Board is collectively responsible to oversee and ensure that the conduct of the businesses of the Group complies with relevant laws, policies, standards and guidelines applicable to the Group. The key responsibilities include the primary responsibilities prescribed under the MCCG. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

#### Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group’s and the Company’s development and overall strategies direction which are as follows:

- reviewing and providing guidance on the Company’s and Group’s corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long-term business plans, reviewing major capital expenditures, acquisitions and disposals;
- monitoring corporate performance and the conduct of the Group’s business and ensuring compliances to best practices and principles of corporate governance;
- identifying and implementing appropriate systems to manage principal risks. The Board undertakes this responsibility through the Audit Committee;
- ensuring and reviewing the adequacy and soundness of the Group’s financial system, internal control systems and management information system are in compliance with the applicable standards, laws and regulations;
- ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the calibre of the Non-Executive Directors bring an independent judgment in the decision-making process;
- ensuring a proper succession plan is in place;
- monitoring material litigations (if any);
- approving all financial reports to be published and related stock exchange announcements;

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Duties and Responsibilities of the Board (Cont'd)

- monitoring other material reporting and external communications by the Group;
- approving the dividend policy and payment of dividends;
- appointing external auditors ; and
- evaluating and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

#### Board Charter

The Company has in place a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter also stated that the Board shall observe the Directors' Code of Best Practice.

The Board Charter is subjected to review periodically or as and when necessary. The Board Charter is accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

#### Whistle-blowing Policy

The Board allows employees and associates to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistle-blowing Policy and Procedure (adopted by the Company on 22 December 2020 and last reviewed by the Board on 25 October 2023 provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistle-blowing Policy is accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

#### Anti-bribery and Corruption Policy

The Board had established and approved the Anti-bribery and Corruption Policy ("the Policy") to uphold the Group's effort and commitment to ensure adequate and standardised the Policy are consistently applied throughout the Group by the employees and business operations within the Group and to adhere strictly to the Policy.

The Policy is accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

#### Composition and Balance

The Board currently has seven (7) members, one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Group Deputy Managing Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

In other words, the current board records a Board composition with 50% Independent Non-Executive Directors, which is in compliance with Paragraph 15.02 of the MMLR and Practice 5.2 of the MCCG. Whilst the current Board composition fulfils the aforementioned requirement, it has yet to meet the best practice of having at least 30% woman directors on the Board. Presently, there are two (2) woman Directors sitting on the Board. Nevertheless, the Board is actively identifying suitable female candidates who possess the necessary skills, expertise and value to contribute as Board members and Senior Management.

The Board believes that the current composition and size are adequate to discharge its duties and responsibilities effectively and competently. The Board members have diverse professional and entrepreneurial backgrounds, varied skills and experiences. The Independent Non-Executive Directors provide the necessary checks and balances in the Board's exercise of its functions and independent evaluation of the Board's decision-making process.

The Board recognises the importance of a clear division of roles and responsibilities at the head of the Group to ensure a balance of power and authority. The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and effective running of the Board, whilst the Executive Directors are responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the management team oversees the Group's day-to-day operations.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Time Commitments

The Board is primarily responsible for the strategic directions of the Group and is scheduled to meet at least four (4) times a year. However, additional meetings may be convened as and when deemed necessary as determined by the members of the Board.

During the financial period under review, a total of nine (9) board meetings were held and the details of each Directors' attendance are set out as follows:

Name of Directors	Attendance at meeting	Percentage of Attendance
Lt Gen (R) Dato' Sri Sabri bin Adam <sup>(1)</sup>	6/7	85.7%
Dato' Sri Lim Teck Boon	9/9	100%
Datuk Lim Sze Way	9/9	100%
Ng Chee Kam <sup>(2)</sup>	6/7	85.7%
Madam Tan Poh Ling	8/9	88.9%
Mr Chan Yok Peng <sup>(3)</sup>	8/9	88.9%
Mr Chua Yeow Fatt <sup>(4)</sup>	4/5	80%
Datuk Azmi bin Hussain <sup>(5)</sup>	1/1	100%
Mr Yip Kit Weng <sup>(6)</sup>	N/A	N/A
Note: <sup>(1)</sup> Appointed w.e.f 25 February 2022 <sup>(2)</sup> Resigned w.e.f. 23 May 2023 <sup>(3)</sup> Resigned w.e.f. 11 July 2023 <sup>(4)</sup> Appointed w.e.f. 3 June 2022 <sup>(5)</sup> Appointed w.e.f. 11 May 2023 <sup>(6)</sup> Appointed w.e.f. 14 July 2023		

#### Supply of Information

All Directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers, including information on financial, operational and corporate matters. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretaries and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

#### Appointment of Directors

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Director. In making these recommendations, factors such as the mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed Director is put forward to the Board for consideration and approval.

During the financial period under review, there was no new recruitment of new Director recommended by the Nomination Committee save for, the recommendation on the appointment of Lt Gen (R) Dato' Sri Sabri bin Adam, Mr Chua Yeow Fatt and Datuk Azmi bin Hussain as Independent Non-Executive Chairman and Independent Non-Executive Directors of the Company on 25 February 2022, 3 June 2022 and 11 May 2023 respectively.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Re-election of Directors

In accordance with the Constitution and in compliance with the MMLR, all Directors are required to retire from office once at least in each three (3) years and shall be eligible for re-election. The Constitution also require that at least one-third (1/3) of the Board of Directors shall retire at each Annual General Meeting and may offer themselves for re-election.

#### Tenure of Independent Director

As recommended by the MCCG and provided for in the Board Charter, the tenure of an Independent Non-Executive Director should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, the Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. The Board will justify and seek shareholders' approval through a two-tier voting process at the Annual General Meeting in the event that the Board retains such Director as an Independent Non-Executive Director.

The Independent Non-Executive Directors do not participate in daily management of the Group. During meetings, the Independent Non-Executive Directors participate fully in all deliberations and fulfil crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advice and judgement in the evaluation of various issues on strategies, performance and resource.

The Board shall assess the independency of the Independent Non-Executive Directors prior to their appointment and annually thereafter or when any new interest of a relationship develops in light of interests disclosed to the Board.

During the financial year under review, the Board through its Nomination Committee assessed the independence of its independent Non-Executive Directors based on criteria set out in the MMLR of Bursa Securities.

#### Remuneration

The Company's remuneration practice for the Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibility to make recommendations to the Board, regarding the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The detailed remuneration of Directors of the Company and the Group comprising remuneration received/receivable from the Company and the Group during the financial period ended 30 June 2023 are disclosed in Directors' Report on page 41 of this Annual Report.

Details of the remuneration of the top Senior Management (including salary, bonus, benefits-in-kind and other emoluments) in each successive band of RM50,000 during the financial period ended 30 June 2023, are as follows:

Range of Remuneration RM	Name of Top Senior Management
450,000 – 500,000	Gan Chong Wei - Chief Financial Officer

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Training and Education

All Directors appointed to the Board had attended the Mandatory Accreditation Programme accredited by Bursa Securities. The Board evaluated the Directors' training needs and attended relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the financial period under review, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors are as follows:

Name	Training Programmes	Date
Dato' Sri Lim Teck Boon	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	9 August 2022
	ICDM Power Talk - Navigating ESG Data into Decision	21 March 2023
Datuk Lim Sze Way	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	20 September 2022
	ICDM Power Talk - Navigating ESG Data into Decision	21 March 2023
Madam Tan Poh Ling	GSS+ Bonds Training	18, 19 and 20 April 2023
	SMP Forum 2023	3 September 2023
	Performing an IS Audit - Module 2 (ISA 300 & ISA 315)	10 October 2023
	Case studies in Revenue Recognition - Principles and Requirements for Recognising Revenue from Contracts with customers including key considerations	24 October 2023
Mr Chua Yeow Fatt	Seminar On "Company Secretaries Training Programme Essential 1.0 (Part A)	11 January 2022
	Seminar On "Company Act 2016; Dealing with Common Issues"	20 January 2022
	Seminar On "AGM, Accounts, Annual Return under Companies Act 2016"	24 January 2022
	Mandatory Accreditation Programme	20 to 22 September 2022
	Introduction to Public Practice (E Learning Module)	4 November 2022
	Public Practice Programme 2022 Workshop	9 and 10 November 2022
	Advocacy Session for Directors & CEOs	22 August 2023
Datuk Azmi bin Hussain	Mandatory Accreditation Programme	28 to 30 August 2023

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Training and Education (Cont'd)

Name	Training Programmes	Date
Mr Yip Kit Weng	The Principles and Methodology of Task Force on Climate Change Related Financial Disclosures (TCFD) in ESG Reporting	27 January 2022
	FinCity Global Forum – Tokyo's future as a global center of green finance	2 February 2022
	Will the Year of the Tiger See Asian Economies Roar?	2 March 2022
	Breaking Biases through Mentoring and Education	8 March 2022
	Has the Technology Sector Run out of Steam	11 March 2022
	ASEAN Economics - War and Sanctions: The Collateral Damage on ASEAN	14 March 2022
	Purpose driven leadership. Women creating positive impact.	16 March 2022
	Southeast Asia Development Symposium (SEADS) 2022, "Sustainable Solutions for Southeast Asia's Recovery."	17 March 2022
	Impact of 5G in Malaysia - Telco's future with 5G	24 March 2022
	The Ukraine war: the impact on Asia	24 March 2022
	The Reset of China's Economy	25 March 2022
	Q2 Wealth Management Strategy & Market Outlook	28 March 2022
	The new OECD Transfer Pricing Guidelines 2022	30 March 2022
	Diversification: Your Long-Term Solution	30 March 2022
	Personal Tax: A journey to filing your taxes with eas	31 March 2022
	Science Based Targets Initiative (SBTi) Symposium - Demystifying urgent actions for a 1.5c pathway.	5 April 2022
	Positioning Corporate Malaysia for a sustainable future	6 April 2022
	The Understanding the end-to-end process of an industry transaction	6 April 2022
	Positioning Corporate Malaysia for a sustainable future	8 April 2022
	Navigating the Hong Kong Market	9 April 2022
Re-Opening Optimism for Singapore REITs	13 April 2022	
Let's Talk Tax: Special Voluntary Disclosure & Amnesty Programme (VA)	22 April 2022	
Forging an Entrepreneurial "Boleh" Spirit	25 April 2022	
ASEAN Economic Outlook: Prospects for Growth and Regional Cooperation	28 April 2022	

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Training and Education (Cont'd)

Name	Training Programmes	Date
Mr Yip Kit Weng	Deep Diving into China's Economy	29 April 2022
	Mastercard Event: Retail's Post-Pandemic Future   Recovery Insights, Emerging Trends & Strategies for Winning in the New Retail Landscape	12 May 2022
	Employee Provident Fund (EPF): Retirement and YOU.	25 May 2022
	Thriving in an AI-enabled Digital Economy	26 May 2022
	World Environment Day Focus: Sustainability	1 June 2022
	Nature's Role in the Economy: Assessing Natural Capital	9 June 2022
	The Future Enterprise	13 June 2022
	Introduction to Digital Banking	15 June 2022
	Exploring Singapore's Investment Landscape	16 June 2022
	Asia's flashpoints: regional security threats and solutions	17 June 2022
	Automation – Bringing Finance into Focus in a Digital World	29 June 2022
	Towards Transparent & Accountable State Governments: Malaysia Open Budget Index and Pantau Projek	22 July 2022
	Shinzo Abe's Legacy and the Changing Landscape in Asia	26 July 2022
	Sharing on Special Pathway by & Talk on Future of Finance: Digital Disruption Transforming the Profession	27 July 2022
	Agriculture Markets Outlook on Supply Chain Disruption and Inflation	28 July 2022
	State of Cryptocurrency 2022 - The Year of Regulation	11 August 2022
	Aspiration to Action: Navigating Sustainable Investment Opportunities in China	20 August 2022
	The Big Debate: Will FinTech Lending Continue to Strive in Indonesia?	24 August 2022
	Career Development Series Session 1: Audit & Tax	14 September 2022
	Supercharging modern accounting	15 September 2022
Understanding Malaysian Bankruptcy Laws & The Consequences	22 September 2022	
BEPS 2.0: How will the OECD/G20 project change the international tax landscape?	27 September 2022	
64th Anniversary Commemorative Lecture - "Towards a Better Malaysian Political Economy" by YBhg. Tan Sri Nazir Razak.	3 October 2022	
MCCC Webinar: Post Budget 2023 Dialogues	11 October 2022	

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Training and Education (Cont'd)

Name	Training Programmes	Date
Mr Yip Kit Weng	Thoughts Inspire Series: Nurturing a Robust Ecosystem Confirmation	12 October 2022
	"Career Development Series Session 2: Governance and Forensic"	18 October 2022
	The Trend: 2022 U.S. Midterm Elections	29 October 2022
	Career Development Series Session 3: Corporate Recovery and Global Business Service	1 November 2022
	Global and Domestic Economic Outlook 2023: Issues and Challenges	5 December 2022
	Estate Administration and Will Writing	7 December 2022
	Digital Behaviours and Mindset - Live Course	7 December 2022
	Telecommunication Sector Outlook: From 4G and into 5G	8 December 2022
	Foreign source income – to remit or not to remit?	9 December 2022
	eCommerce Opportunities in Asia	16 December 2022
	Anwar Ibrahim's long walk to power, and what comes next?	21 December 2022
	Taking Control of The Way You Age in The New Year	10 January 2023
	2023 Investment Market Outlook Webinar: Parallel Worlds	16 January 2023
	Outlook for 2023: Inflation, China & Desynchronization	17 January 2023
	International Women's Day: In conversation with YB Hannah Yeoh	8 March 2023
	Is 2023 The Year for Fixed Income	9 March 2023
	Positive Psychology at Work	20 March 2023
	Why data automation is essential for business growth?	21 March 2023
	In Conversation with Australia Stock Exchange 2023	21 March 2023
	CIO Quarterly Update Session	29 March 2023
Tax update series: Personal tax – getting the best out of your tax filing!	30 March 2023	
The rise of Generative AI - how should accountants respond?	31 March 2023	
Buka Puasa Talk: Neurodiversity@Work	12 April 2023	
US Market Outlook - NYSE and Nasdaq	13 April 2023	

Corporate Governance Overview Statement  
(cont'd)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**

**Directors' Training and Education (Cont'd)**

Name	Training Programmes	Date
Mr Yip Kit Weng	Can China Continue to Deliver Growth?	10 May 2023
	Unlocking the Power of Online Marketplaces: Tips and Insights from Octopia Experts	16 May 2023
	Building Value with ESG: The Important Role of Accountants	17 May 2023
	The G7 summit in Japan: what to expect.	17 May 2023
	Will China's Reopening Turbocharge Commodities?	25 May 2023
	Restoring Democracy in Thailand: Election Analysis	6 June 2023
	Updates on Indirect Taxes	8 June 2023
	Financial and Debt Management Initiatives for SMEs and Individuals	9 June 2023
	Your journey to e-invoicing in Malaysia	21 June 2023

Save as disclosed above, Lt Gen (R) Dato' Sri Sabri bin Adam was unable to attend any training during the financial year due to his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip them with the necessary skills to effectively discharge his duties as Directors of the Company.

The Board delegates certain responsibilities and duties to Board Committees which operate within clearly defined terms of reference. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review are as follows:

**Audit Committee**

The Audit Committee ("AC") was established on 3 October 2004. The responsibilities and detailed terms of reference of the AC are accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my). The members of the AC and activities of the AC during the financial year are set out in the AC Report on page 26 of this Annual Report.

**Nomination Committee**

The Nomination Committee ("NC") was established in February 2005. The NC shall be responsible for nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The appointment of any additional Director is made when necessary and upon the recommendation of the NC. In the process of nominating and appointing a new Director, due consideration is given to the appointee's industry's experience and mix of expertise for an effective Board and diversity of the Board. In case of the independence of the candidates for Independent Director, the NC will assess whether the candidate could bring independent and objective judgments for the Board's deliberations. The NC will annually evaluate the effectiveness of the Board, its committees and the performance of the Directors.

The NC and the Board acknowledged the boardroom gender diversity as published in the MCCG and endeavoured to comply as they recognised the business benefits of having a balanced board. Hence, the appointment of new board members will be guided by the skill, competencies, knowledge, commitment, integrity and gender of the candidate.

The Company Secretaries will ensure that all the appointments are properly carried out in compliance with legal and regulatory requirements.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Nomination Committee (Cont'd)

The NC met once during the financial period ended under review. The members of the NC are as follows:

- Madam Tan Poh Ling, Chairperson, Non-Independent Non-Executive Director
- Mr Yip Kit Weng, Member, Independent Non-Executive Director (Appointed on 26 October 2023)
- Mr Chua Yeow Fatt, Member, Independent Non-Executive Director (Appointed on 11 May 2023)

Terms of reference of NC are accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

#### Remuneration Committee

The Board set up the Remuneration Committee ("RC") in February 2005 to assist the Board in determining the Director's and Senior Management's remuneration. The RC meets at least once a year. The policy on Directors' remuneration practised by the Company is to provide the remuneration packages necessary to attract, retain and motivate Directors and Senior Management of the quality required to manage the business of the Company and the Group. The remuneration package of the Executive Director is structured to be commensurate with the experience, knowledge and professional skills of the Executive Director and is also structured to link rewards with corporate and individual performance in the case of the Executive Director. The Company takes into consideration information from independent consultants (where applicable) and survey results on the remuneration practices of comparable companies, including its financial performance in determining the remuneration packages of its directors.

The RC recommends to the Board the remuneration framework and the remuneration packages for the Executive Director. None of the Executive Directors participated in any way in determining their individual remuneration. The Board determines the remuneration of Non-Executive Directors, with individual Directors abstaining from making decisions in respect of their individual remuneration. The Directors' fees are approved by the shareholders at the Annual General Meeting of the Company. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

The members of the RC are as follows:

- Mr Yip Kit Weng, Chairman, Independent Non-Executive Director (Appointed on 26 October 2023)
- Madam Tan Poh Ling  
Member, Non-Independent Non-Executive Director
- Mr Chua Yeow Fatt  
Member, Independent Non-Executive Director (Appointed on 11 May 2023)

The Terms of Reference of RC are accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

#### REMUNERATION POLICY

The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on remuneration and for fixing the remuneration packages of individual Directors and senior management. The Remuneration Policy is accessible through the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).



## AUDIT COMMITTEE REPORT

The Board of Directors of EURO Holdings Berhad is pleased to present the Audit Committee (“AC”) Report of the Company for the financial period ended 30 June 2023 (“FPE 2023”).

The Company and its subsidiaries have changed their Financial Year End from 31 December 2022 to 30 June 2023 and the accounts of the Group be made up from 1 January 2022 to 30 June 2023 covering a period of 18 months.

### COMPOSITION

- Chairman – Mr Chua Yeow Fatt, Independent Non-Executive Director  
(Appointed on 11 May 2023 and Re-designated on 31 May 2023)
- Member – Mr Yip Kit Weng, Independent Non-Executive Director (Appointed on 26 October 2023)
- Member – Datuk Azmi bin Hussain, Independent Non-Executive Director (Appointed on 31 May 2023)

Past AC member:

- Madam Tan Poh Ling, Non-Independent Non-Executive Director  
(Re-designated and Ceased as a Chairperson on 31 May 2023)
- Mr Chan Yok Peng, Independent Non-Executive Director (Ceased as a Member 11 July 2023)
- Lt Gen (R) Dato’ Sri Sabri bin Adam, Independent Non-Executive Director (Ceased as a Member 26 October 2023)

Mr Chua Yeow Fatt is a member of the Malaysian Institute of Accountants (“MIA”), Mr Chua meets the requirement of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) in that he is a member of MIA. All members of AC are not alternate directors.

### MEETINGS AND ATTENDANCE

During the FPE 2023, a total of eight (8) AC Meetings were held and the details of each member at the meetings were as follows: -

Name of AC Members	Attendance	Percentage of attendance
Chua Yeow Fatt (Appointed on 11 May 2023)	1/1	100%
Lt Gen (R) Dato’ Sri Sabri bin Adam (Ceased on 26 October 2023)	5/6	83.3%
Yip Kit Weng (Appointed 26 October 2023)	N/A	N/A
Datuk Azmi bin Hussain (Appointed on 31 May 2023)	N/A	N/A
Tan Poh Ling (Ceased on 31 May 2023)	8/8	100%
Chan Yok Peng (Ceased on 11 July 2023)	8/8	100%

### INDEPENDENCE OF THE AUDIT COMMITTEE

The Company recognises the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company are former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the Audit Committee is a key audit partner of the external auditors of the Group.

### FINANCIAL LITERACY OF THE AUDIT COMMITTEE MEMBERS

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualifications and experience of the individual Audit Committee members are disclosed in the Directors’ Profiles on pages 4 to 7 of this Annual Report. During FPE 2023, members of the Audit Committee undertook the relevant training programs to keep themselves abreast of the latest developments in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties.

## Audit Committee Report (cont'd)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the AC, the following activities were carried out by the AC during FPE 2023 in the discharge of their duties:

#### 1. FINANCIAL REPORTING

- a) Reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval; and
- b) Reviewed and discussed the annual audited financial statements of the Group and the Company with the external auditors and management prior to submission to the Board for approval.

#### 2. EXTERNAL AUDIT

- a) Reviewed the external auditors' fees, scope of work and audit strategy and plans for the financial year prior to the commencement of the audit and evaluated the performance of the external auditors and recommended the appointment at the Annual General Meeting;
- b) Discussed with the external auditors on new adoption and new issuance (if any) of the Financial Reporting Standards in Malaysia and its impact on the Group's and Company's financial statements;
- c) Discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgments of the items that may affect the financial statements of the Group with the external auditors;
- d) Assessed the suitability, objectivity, independence and performance of the External Auditors; and
- e) Reviewed with the external auditors, their audit report and management's response.

The Company has appointed ChengCo PLT as the new External Auditor in place of Moore Stephen Associates PLT on 8 June 2023 to conduct the external audit for the FPE 2023.

During the financial year, the AC had a private discussion with the External Auditors without the presence of the Executive Directors and Management to discuss issues that arose from the external audit.

#### 3. INTERNAL AUDIT

- a) Reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;
- b) Reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions; and
- c) Reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Group, the audit recommendations made and management's response to these recommendations. Where appropriate, the AC has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement.

## Audit Committee Report (cont'd)

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

In line with the terms of reference of the AC, the following activities were carried out by the AC during FPE 2023 in the discharge of their duties: (cont'd)

#### 4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

- a) Reviewed related party transactions and conflict of interest situations that may arise within the Group for compliance with the MMLR.

#### 5. RISK MANAGEMENT AND INTERNAL CONTROL

- a) Reviewed and recommended to the Board of Directors in respect of the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2023 Annual Report; and
- b) Reviewed risk management process and updates from the management on the existence of mitigating controls and action plans identified to mitigate the business risks identified.

#### 6. OTHER MATTERS

- a) Reviewed the composition of the Audit Committee to be in compliance with the MMLR of Bursa Securities and the best corporate governance practices;
- b) Reviewed the draft Circular to Shareholders for the proposed new shareholders' mandate for share buy-back and recommended the same to the Board for approval.; and
- c) Reviewed the draft Circular to the Shareholders for the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for approval.

### INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the AC in providing an independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system and reports directly to the AC. The Internal Auditors provide the Committee with an independent and objective evaluation of the state of risk management and internal controls of the Group and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective divisions.

A summary of the work of the internal audit function for the financial period ended 30 June 2023 is as follows:-

- Formulated the internal audit plan and presented the plan for the AC's review and approval;
- YYC Advisors Sdn. Bhd. ("YYC") have executed the internal audit review on the Domestic and Export Sales Processing and Sales Credit Control and Collection of the Group;
- On 23 August 2023, the Company has changed its Internal Auditor from YYC to SocialGreen Governance Sdn. Bhd. ("SocialGreen");
- SocialGreen have executed the internal audit review on the adequacy of the anti-corruption preventive policies and procedures and initiatives of the Group in alignment with the Guidelines of Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009;
- The internal audit review conducted by YYC and SocialGreen were with the objective of ensuring there are proper controls, authorisation, policies, and/or procedures in place to improve the control environment, internal control and governance process of the Group;

## Audit Committee Report (cont'd)

### INTERNAL AUDIT FUNCTION (CONT'D)

- Emphasis on best practices and management assurance that encompass all business risks, particularly on the effectiveness and efficiency of operations, reliability of reporting, compliance with applicable law and regulations and safeguarding of assets;
- Performed follow-up on the status of management agreed with action plan on recommendations raised in previous cycles of internal audits including specific timelines for those outstanding matters to be resolved; and
- Reports issued by the internal audit function were tabled at AC meetings in which management was present at such meeting to provide pertinent clarification or additional information to address questions raised by AC members pertaining to matters raised.

The AC and the Board agree that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Euro Holdings Berhad (“the Group”) acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial period ended 31 December 2021.

## RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations and risk management in order to safeguard shareholders’ investments and the Group’s assets.

The Board recognises that the Group’s system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

## CONTROL ENVIRONMENT

The Board and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

## ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Group Managing Director, Executives Directors and the Chief Financial Officer, that the Group’s risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group. To further supplement Management assurance, the Key Management Staff and the respective Head of Department (“HOD”) sign off a statement on the condition of Risk Management mitigation and Internal Controls implemented in their respective function and department.

## INTERNAL AUDIT

The Group’s internal audit function was performed by an outsourced professional firm of consultants that is independent of the activities it audits. The outsourced internal auditors had reviewed the Group’s system of internal controls to identify and address related internal control weaknesses. The internal audit team independently reviewed the risk identification procedures and control processes implemented by the Management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. All the subsidiaries were audited based on critical risk areas. It should be annotated that the internal audit was performed based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

## Statement on Risk Management and Internal Control (cont'd)

### INTERNAL AUDIT (CONT'D)

The internal audit also reports on the activities performed and key strategic and control issues observed to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves the internal audit's annual budget and audit plan. Internal audit adopts the International Standards for The Professional Practice of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance. Internal audit continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Group's key risks and core/priority areas. Input from various sources, inclusive of the Enterprise Risk Management Framework, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2023, reviews of the adequacy of the anti-corruption preventive policies and procedures and initiatives implemented is align with the Guidelines of Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Main Market Listing Requirement of the Bursa Malaysia Berhad.

Report from the internal audit review carried out was submitted and presented to the Audit Committee with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions will be monitored and verified by the internal audit and reported to the Audit Committee.

### Quality Assurance

The internal audit develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of the internal audit processes and identifies opportunities for improvement via internal assessment. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is experienced to manage the internal audit assignments.

The cost incurred for the internal audit during the period was RM14,000.

### INFORMATION, COMMUNICATION AND MONITORING

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Group.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- On a quarterly basis, Management updates the Board on the Group's actual financial performance. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request Management to mitigate them accordingly.
- The Key Management Staff and HOD are delegated with the responsibility of identifying and managing risks related to their functions and departments. At the periodic Management meetings, such risk identified and related internal controls are communicated to the Senior Management. In addition, significant risks identified are cascaded to the Board at their scheduled meetings.

## Statement on Risk Management and Internal Control (cont'd)

### **RISK MANAGEMENT**

The Audit Committee oversees the development and annual review of the Group's risk management policy and plan, as well as the effectiveness of the risk management organisation structure, responsibilities and accountabilities. It also ensures that the risk management framework is implemented to increase the possibility of anticipating unpredictable risks.

An Executive Director and Chief Financial Officer attended all Audit Committee meetings. Key Management Staff, HOD and external consultant were invited to attend all or part of meetings as and when appropriate to facilitate risk management review.

### **REVIEW OF STATEMENT BY EXTERNAL AUDITORS**

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control and have reported to the Board that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes adopted by the Board.

This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

### **CONCLUSION**

On the whole, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

On 24 August 2022, the private placement of new ordinary shares in EURO (“EURO Shares” or “Shares”) (“Placement Shares”), representing not more than 20% of the total number of issued EURO Shares (excluding any treasury shares) pursuant to the general mandate obtained from the Company’s shareholders (“Proposed Private Placement”) was completed with the listing of 80,000,000 new Euro Shares on the Main Market of Bursa Securities via two (2) tranches with subscription of 40,000,000 new Euro Shares on 5 August 2022 and 24 August 2022 respectively. The details of the utilisation of proceeds raised from the Private Placement as of 30 June 2023 are disclosed in the table below: -

Purposes	Proposed Utilisation ('000)	Actual Utilisation Up to 30 June 2023 ('000)	Balance as at 30 June 2023 ('000)	Intended timeframe
Repayment of Bank Borrowings	2,075	2,075	-	Within 3 months
General Working capital requirements	7,518	7,518	-	Within 12 months
Estimated expenses for the Proposed Private Placement	87	87	-	Immediately
Total	9,680	9,680	-	

#### 30% Private Placement

On 13 April 2023, EURO proposed to undertake a disposal by Euro Space Industries (M) Sdn Bhd, a wholly owned subsidiary of EURO, of a Piece of Industrial Land with Buildings Erected Thereon Held Under Geran 86340, Lot 193 Seksyen 19, Bandar Rawang, District of Gombak, State of Selangor, measuring approximately 7,674 Square Metres in area and bearing a postal address of Lot 15, Jalan RP3, Rawang Industrial Estate, Rawang, 48000 Selangor Darul Ehsan to Ban Hee Metal Sdn Bhd for a cash consideration of RM13.80 Million and to undertake a Private Placement of up to 264,570,000 New Euro Shares, Representing 30% of EURO Shares in issue (excluding any treasury shares).

The details of the utilisation of proceeds raised from the disposal of land as of 30 June 2023 are disclosed in the table below: -

Purposes	Proposed Utilisation ('000)	Actual Utilisation Up to 30 June 2023 ('000)	Balance as at 30 June 2023 ('000)	Intended timeframe
Repayment of Bank Borrowings	11,000	7,767	3,233	Within 3 months
Working capital requirements	1,390	1,390	-	Within 24 months
Estimated expenses for the disposal of land	1,410	-	1,410	Within 1 month
Total	13,800	9,157	4,643	

The Company had on 28 April 2023 obtained the shareholders’ approval for the 30% Private Placement. On 4 October 2023, Bursa Securities resolved to grant the Company an extension of time of 6 months until 5 April 2024 to implement the Private Placement.

## Additional Compliance Information (cont'd)

### 2. AUDIT AND NON-AUDIT FEES

During the financial period ended 30 June 2023, the amount of audit and non-audit fees paid and payable to the external auditors by the Group and the Company respectively were as follows:

		Company (RM)	Group (RM)
<b>Audit Services Rendered</b>		48,000	252,000
<b>Non-Audit Services Rendered</b>			
(a)	Review of Statement on Risk Management and Internal Control	5,000	5,000

### 3. MATERIAL CONTRACTS

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 4. CONTRACTS RELATING TO LOANS BY THE COMPANY

There were no contracts relating to loans entered by the Group during the financial period ended 30 June 2023 involving Directors, Chief Executive Officer and major shareholders.

### 5. RECURRENT RELATED PARTY TRANSACTIONS

Company/ Subsidiaries involved	Transacting Parties	Nature of Transaction	The Aggregate Value of Transactions from 1 January 2022 to 30 June 2023 (RM)	Interested Related Parties
Euro Chairs Manufacturer (M) Sdn Bhd	Supreme Power Performance (M) Sdn Bhd	- Rental of One (1) forklift - Rental of One (1) reach truck	97,500	Dato' Sri Lim Teck Boon, Supreme Power Performance (M) Sdn. Bhd.
Euro Space Industries (M) Sdn Bhd	Supreme Power Performance (M) Sdn Bhd	- Rental of Three (3) forklifts - Rental of One (1) reach truck	203,700	Dato' Sri Lim Teck Boon, Supreme Power Performance (M) Sdn. Bhd.
Eurosteel Line Sdn Bhd	Imponotive Auto Sdn Bhd	Rental of 1 single-storey detached commercial building with a mezzanine floor on part of land held under PN 54145, Lot 19403 Mukim Cheng Melaka bearing postal address Lot 19403-1, Jalan TTC 1, Kawasan Mukim Cheng, Melaka	2,810,812	Dato' Sri Lim Teck Boon, Imponotive Auto Sdn Bhd.

Additional Compliance Information  
(cont'd)

5. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Company/ Subsidiaries involved	Transacting Parties	Nature of Transaction	The Aggregate Value of Transactions from 1 January 2022 to 30 June 2023 (RM)	Interested Related Parties
Euro Space Industries (M) Sdn Bhd	Supreme Power Auto Sdn Bhd	Rental of 1 block of single-storey factory and 3 blocks of single-storey warehouse on part of that piece of land held under HS(D) 82284, PT9666, Mukim Cheng, Melaka. Lot 19400, Jalan TTC 12, Kawasan Perindustrian Cheng, Mukim Cheng, Melaka	2,936,372	Dato' Sri Lim Teck Boon, Supreme Power Auto Sdn. Bhd.

Nature of relationships:-

1. Dato' Sri Lim Teck Boon is a Director of Supreme Power Performance (M) Sdn. Bhd. with a shareholding of 95.3%.
2. Dato' Sri Lim Teck Boon is a Director of Imponotive Auto Sdn Bhd. with a shareholding of 99.03%.
3. Dato' Sri Lim Teck Boon is a Director of Supreme Power Auto Sdn. Bhd. with a shareholding of 99.9%.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Companies Act, 2016. The Board is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company and of their results and cash flows for the financial period ended. In preparing the financial statements of the Group and of the Company for the year ended 30 June 2023, the Board has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 2016 and the applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

This Statement was approved by the Board of Directors on 25 October 2023.

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## DIRECTORS' REPORT

For the financial period from 1 January 2022 to 30 June 2023

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2022 to 30 June 2023.

### PRINCIPAL ACTIVITIES

The Company is principally engaged as investment holding company. The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net loss for the financial period/year	<u>(12,520)</u>	<u>(3,668)</u>
Attributable to:		
Owners of the Company	(12,395)	(3,668)
Non-controlling interests	<u>(125)</u>	<u>-</u>
	<u>(12,520)</u>	<u>(3,668)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of material and unusual nature.

### DIVIDENDS

There were no dividends paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company has increased its issued and paid-up ordinary shares from 801,900,000 units to 1,063,397,100 units by way of the following:

- (a) On 8 May 2023, proposed settlement of debts owing to Dato' Sri Lim Teck Boon, the group managing director and the controlling shareholder of the Company, amounting to RM21,198,864.10 through the issuance of 181,497,100 new ordinary shares in the Company at an issue price of RM0.1168 to the holding company namely S.P.A. Furniture (M) Sdn. Bhd..

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

**ISSUE OF SHARES AND DEBENTURES (CONT'D)**

During the financial period, the Company has increased its issued and paid-up ordinary shares from 801,900,000 units to 1,063,397,100 units by way of the following: (Cont'd)

- (b) On 24 August 2022, issued 40,000,000 new ordinary shares through private placement at an issue price of RM0.1180 per ordinary share for working capital purposes.
- (c) On 5 August 2022, issued 40,000,000 new ordinary shares through private placement at an issue price of RM0.1240 per ordinary share for working capital purposes.

The newly issued shares rank pari passu with the existing shares of the Company.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options have been granted by the Company to any parties during the financial period to take up any unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. At the end of the financial period, there were no unissued shares of the Company under options.

**DIRECTORS**

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

Dato' Sri Lim Teck Boon\*  
 Datuk Lim Sze Way  
 Tan Poh Ling  
 Lt Gen (R) Dato' Sri Sabri Bin Adam (Appointed on 25 February 2022)  
 Datuk Haji Azmi Bin Hussain (Appointed on 11 May 2023)  
 Chua Yeow Fatt (Appointed on 3 June 2022)  
 Yip Kit Weng (Appointed on 14 July 2023)  
 Ng Chee Kam (Appointed on 25 February 2022 and resigned on 23 May 2023)  
 Chan Yok Peng (Resigned on 11 July 2023)

\* Directors of the Company and subsidiary companies.

**DIRECTOR OF THE SUBSIDIARIES OF THE COMPANY**

Pursuant to Section 253(2) of the Companies Act, 2016, the director who served in the subsidiaries (excluding directors who are also directors of the Company) in office since the beginning of the financial period up to the date of this report is as follows:

Dato' Lim Chaw Teng

## DIRECTORS' REPORT

(cont'd)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the directors who held office at the end of the financial period and their interests in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial period were as follows:

	At 1.1.2022 Unit'000	Number of ordinary shares		At 30.6.2023 Unit'000
		Bought Unit'000	Sold Unit'000	
<b><i>The Company</i></b>				
<i>Direct interests</i>				
Dato' Sri Lim Teck Boon	14,791	-	(13,008)	1,783
<b><i>Holding company</i></b>				
<b><i>S.P.A. Furniture (M) Sdn. Bhd.</i></b>				
<i>Indirect interests</i>				
Dato' Sri Lim Teck Boon	509,583	181,497	(54,920)	636,160

Dato' Sri Lim Teck Boon is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company to the extent that the Company has an interest.

The other directors in office at the end of the financial period had no interest in the ordinary shares of the Company and its related corporations during the financial period.

### 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 shown under directors' remuneration) 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 except for any benefits which may be deemed to have arisen from the transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31(a) to the financial statements.

Neither during, nor at the end of the financial period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

**DIRECTORS' REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive:				
Emoluments	1	-	-	-
EPF contributions	81	88	-	-
Fees	173	-	3	84
Salaries	841	838	-	-
SOCSO contributions	3	2	-	-
Total executive directors remuneration	<u>1,099</u>	<u>928</u>	<u>3</u>	<u>84</u>
Non-executive:				
Fees	<u>173</u>	<u>-</u>	<u>173</u>	<u>-</u>

**OTHER STATUTORY INFORMATION**

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there are no known bad debts to be written off and that adequate allowance has been made for doubtful debts in the financial statements of the Group and of the Company; and
- (b) to ensure that any current assets which unlikely to realise their values in the ordinary course of business as shown in accounting records of the Group and of the Company had been written down to their estimated realisable values.

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

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

## DIRECTORS' REPORT (cont'd)

### **OTHER STATUTORY INFORMATION (CONT'D)**

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

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

In the opinion of the directors, no item, transaction, or event of a material and unusual nature has arisen in the interval between the end of the financial period 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 period in which this report is made.

### **INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS**

There was no indemnity given to or insurance effected for any director, officer or auditors of the Company during the financial period.

### **HOLDING COMPANY**

The directors regard S.P.A. Furniture (M) Sdn Bhd, a company incorporated and domiciled in Malaysia, who hold 59% equity interest of the Company as its holding company.

### **AUDITORS' REMUNERATION**

The auditors' remuneration of the Group and of the Company are amounted to RM252,000 and RM48,000 (31.12.2021: RM192,000 and RM43,000) respectively during the financial period.

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

**AUDITORS**

The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

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

.....  
**Dato' Sri Lim Teck Boon**  
Director

.....  
**Datuk Lim Sze Way**  
Director

Kuala Lumpur,  
Date: 30 October 2023

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Sri Lim Teck Boon and Datuk Lim Sze Way, being two of the directors of Euro Holdings Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements as set out on pages 50 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 30 June 2023 and of their financial performance and cash flows of the Group and of the Company for the financial period from 1 January 2022 to 30 June 2023.

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

.....  
**Dato' Sri Lim Teck Boon**  
 Director

.....  
**Datuk Lim Sze Way**  
 Director

Kuala Lumpur,  
 Date: 30 October 2023

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Gan Chong Wei (MIA No.: 49036), being the officer primarily responsible for the financial management of Euro Holdings Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 50 to 144, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at )  
 Puchong in the State of Selangor Darul Ehsan )  
 on this 30 October 2023 )

Before me,

.....  
**Gan Chong Wei**  
 Chief Financial Officer

.....  
**Samuel John A/L Ponniah (B437)**  
 Commissioner for Oath

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF EURO HOLDINGS BERHAD

(COMPANY NO.: 200401008055 (646559-T)  
(INCORPORATED IN MALAYSIA))

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Euro Holdings Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 January 2022 to 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 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 30 June 2023, and of their financial performance and their cash flows for the financial period from 1 January 2022 to 30 June 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 2016 in Malaysia.

#### *Basis for Opinion*

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

#### *Independence and Other Ethical Responsibilities*

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

#### *Key Audit Matters*

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

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF EURO HOLDINGS BERHAD (cont'd)  
(Company No.: 200401008055 (646559-T)  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

*Key Audit Matters (Cont'd)*

Valuation of Inventories from Manufacturing and Trading Segment

As at 30 June 2023, as shown in Note 8 to the financial statements, the Group has inventories balance of RM24,459,000, representing approximately 20% of the Group's total assets, were contributed by the manufacturing and trading segment, net of provision.

The Group's inventories from manufacturing and trading segment comprised raw materials, work-in-progress and finished goods for the production of various types of furniture. The Group has a policy of provision for inventories obsolescence which is recognised on a case-by-case basis based on the management's assessment.

During our physical year-end inventory count observation, we noted that there were certain raw materials such as armrest, foam and plastic which might be exposed to the risk of obsolescence.

We have identified valuation of inventories from manufacturing and trading segment as a key audit matter because of the significance of inventories in the financial statements both in amount and nature as well as significant judgements required for the determination of provision for obsolescence.

Our Audit Procedures Performed and Responses Thereon

In addressing the above matter, we have performed the following audit procedures in relation to the valuation of inventories:

- Made inquiries of management regarding the basis of how the management identifies and assesses provision for slow-moving inventories and understand the Group's policy for provision;
- Attended and observed physical year-end inventory count to verify the existence and condition of inventories;
- Reviewed the historical trends of provision to compare and assess the actual consumption or liquidation of inventories, on a sample basis; and
- Evaluated the appropriateness and adequacy of management's assessment in respect to slow-moving and obsolete inventories.

*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 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 annual report and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF EURO HOLDINGS BERHAD (cont'd)**  
 (Company No.: 200401008055 (646559-T))  
 (Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

*Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)*

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

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

*Responsibilities of the Directors for the Financial Statements*

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 judgment 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.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF EURO HOLDINGS BERHAD (cont'd)  
(Company No.: 200401008055 (646559-T)  
(Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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 judgment and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF EURO HOLDINGS BERHAD (cont'd)  
(Company No.: 200401008055 (646559-T)  
(Incorporated in Malaysia)

**OTHER MATTERS**

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

The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were audited by another auditor whose report dated 28 April 2022 expressed an unqualified opinion.

**CHENGCO PLT**  
201806002622  
(LLP0017004-LCA) & AF0886  
Chartered Accountants

**HONG THUAN BOON**  
02233/03/2024 J  
Chartered Accountant

Kuala Lumpur,  
Date: 30 October 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	Group		Company	
		30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	51,346	38,576	7	12
Right-of-use assets	5	13,512	2	-	-
Investment in subsidiaries	6	-	-	24,286	14,908
Other investment	7	-	-	-	18,991
		<u>64,858</u>	<u>38,578</u>	<u>24,293</u>	<u>33,911</u>
<b>Current assets</b>					
Inventories	8	24,459	43,170	-	-
Trade receivables	9	-	5,484	-	-
Other receivables	10	25,469	7,069	3,847	6
Contract assets	11	-	5,793	-	-
Current tax assets		757	397	489	207
Fixed deposit with licensed banks	12	2,404	6,757	-	-
Cash and bank balances	13	3,362	2,141	2,573	5
		<u>56,451</u>	<u>70,811</u>	<u>6,909</u>	<u>218</u>
<b>TOTAL ASSETS</b>		<u><u>121,309</u></u>	<u><u>109,389</u></u>	<u><u>31,202</u></u>	<u><u>34,129</u></u>
<b>EQUITY</b>					
Share capital	14	79,281	48,402	79,281	48,402
Fair value reserve	15	-	1,591	(33,324)	(14,333)
Revaluation reserve	16	13,780	-	-	-
Accumulated losses		(18,060)	(5,665)	(17,100)	(13,432)
<b>Shareholders equity attributable owners of the Company</b>		75,001	44,328	28,857	20,637
Non-controlling interest		677	(789)	-	-
<b>TOTAL EQUITY</b>		<u><u>75,678</u></u>	<u><u>43,539</u></u>	<u><u>28,857</u></u>	<u><u>20,637</u></u>

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

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023 (cont'd)

	Notes	Group		Company	
		30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	17	7,326	7,769	-	-
Lease liabilities	5	9,507	-	-	-
Deferred tax liabilities	18	1,531	-	-	-
		<u>18,364</u>	<u>7,769</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	19	941	9,794	-	-
Other payables	20	2,868	14,901	776	488
Contract liabilities	11	2,104	1,546	-	-
Amount due to subsidiaries	21	-	-	1,562	2,345
Amount due to directors	21	4,290	10,875	7	10,659
Amount due related company	21	2,662	-	-	-
Loans and borrowings	17	9,405	20,438	-	-
Lease liabilities	5	4,491	3	-	-
Current tax liabilities		506	524	-	-
		<u>27,267</u>	<u>58,081</u>	<u>2,345</u>	<u>13,492</u>
<b>TOTAL LIABILITIES</b>		<u>45,631</u>	<u>65,850</u>	<u>2,345</u>	<u>13,492</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>121,309</u>	<u>109,389</u>	<u>31,202</u>	<u>34,129</u>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023  
(With comparative figures from 1 January 2021 to 31 December 2021)

	Notes	Group		Company	
		1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Revenue	22	225,898	79,381	-	-
Cost of sales	23	(225,273)	(90,981)	-	-
Gross profit/(loss)		625	(11,600)	-	-
Other income	24	54,930	1,777	16,505	451
General and administrative expenses		(59,595)	(6,468)	(17,164)	(14,457)
Selling and distribution expenses		(2,103)	(3,719)	-	-
Loss from operations		(6,143)	(20,010)	(659)	(14,006)
Finance costs	25	(6,236)	(1,976)	(3,005)	(851)
Loss before tax	26	(12,379)	(21,986)	(3,664)	(14,857)
Tax (expense)/income	27	(141)	165	(4)	3
Net loss for the financial period/year		(12,520)	(21,821)	(3,668)	(14,854)
<b>Other comprehensive income, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation surplus of property, plant and equipment	16	13,780	-	-	-
Fair value loss on equity instrument designated at fair value through other comprehensiv income ("FVOCI")	15	-	-	(18,991)	(14,333)
<b>Total comprehensive income/(loss) for the financial period/year</b>		<u>1,260</u>	<u>(21,821)</u>	<u>(22,659)</u>	<u>(29,187)</u>

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)**  
(With comparative figures from 1 January 2021 to 31 December 2021)

	Notes	<b>Group</b>		<b>Company</b>	
		<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
<b>Net loss for the financial period/year attributable to:</b>					
Owners of the Company		(12,395)	(21,736)	(3,668)	(14,854)
Non-controlling interest		(125)	(85)	-	-
		<u>(12,520)</u>	<u>(21,821)</u>	<u>(3,668)</u>	<u>(14,854)</u>
<b>Total comprehensive income/(loss) for the financial period/year attributable to:</b>					
Owners of the Company		1,385	(21,736)	(22,659)	(29,187)
Non-controlling interest		(125)	(85)	-	-
		<u>1,260</u>	<u>(21,821)</u>	<u>(22,659)</u>	<u>(29,187)</u>
<b>Earnings/(Loss) per ordinary share attributable to owners of the Company:</b>					
Basic and diluted	28	<u>0.13</u>	<u>(2.71)</u>		

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023  
(With comparative figures from 1 January 2021 to 31 December 2021)

Group	Attributable to owners of the Company					Total RM'000
	Share capital RM'000	Fair value reserve RM'000	Retained profits/ (Accumulated losses) RM'000	Shareholders' equity attributable to the owners of the Company RM'000	Non- controlling interest RM'000	
At 1 January 2021	48,402	-	16,071	64,473	887	65,360
Net loss for the financial year	-	-	(21,736)	(21,736)	(85)	(21,821)
Fair value loss on equity instrument designated at FVOCI shared by non-controlling interest ("NCI")	-	1,591	-	1,591	(1,591)	-
At 31 December 2021 and 1 January 2022	48,402	1,591	(5,665)	44,328	(789)	43,539

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



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023

(With comparative figures from 1 January 2021 to 31 December 2021)

	Notes	Share capital RM'000	Fair value reserve RM'000	Distributable Retained profits/ (Accumulated losses) RM'000	Total RM'000
<b><u>Company</u></b>					
At 1 January 2021		48,402	-	1,422	49,824
Net loss for the financial year		-	-	(14,854)	(14,854)
Other comprehensive income: Fair value loss on equity instruments designated at FVOCI	15	-	(14,333)	-	(14,333)
Total comprehensive loss for the financial year		-	(14,333)	(14,854)	(29,187)
At 31 December 2021 and 1 January 2022		48,402	(14,333)	(13,432)	20,637
Issuance of share capital	14	30,879	-	-	30,879
Net loss for the financial period		-	-	(3,668)	(3,668)
Other comprehensive income: Fair value loss on equity instruments designated at FVOCI	15	-	(18,991)	-	(18,991)
Total comprehensive loss for the financial period		-	(18,991)	(3,668)	(22,659)
At 30 June 2023		<u>79,281</u>	<u>(33,324)</u>	<u>(17,100)</u>	<u>28,857</u>

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)**  
(With comparative figures from 1 January 2021 to 31 December 2021)

	<b>Group</b>		<b>Company</b>	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(12,379)	(21,986)	(3,664)	(14,857)
Adjustments for:				
Bad debts recovered	(6,392)	-	-	-
Depreciation of property, plant and equipment	1,958	1,702	5	3
Depreciation of right-of-use assets	5,019	-	-	-
Forfeiture of deposits received	-	(118)	-	-
Gain on disposal of property, plant and equipment	(9,415)	-	-	-
Gain on disposal of investment in subsidiaries	(27,291)	-	(1,500)	-
Impairment losses on:				
- Trade receivables	819	-	-	-
- Amounts due from subsidiaries	-	-	13,195	1,733
- Investment in subsidiaries	-	-	2,169	12,022
- Other receivables	136	64	-	-
Interest expenses	6,236	1,976	3,005	851
Interest income	(171)	(115)	(1,961)	(451)
Late payment interest income	-	(38)	-	-
Loss on forward exchange income	-	1	-	-
Other income	3	-	-	-
Provision for litigation	-	1,032	-	-
Provision for slow moving of inventories	-	349	-	-
	8	-	-	-

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

(With comparative figures from 1 January 2021 to 31 December 2021)

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
<b>Cash flows from operating activities (cont'd)</b>				
Reversal of impairment losses:				
- Trade receivables, net	(714)	(77)	-	-
- Other receivables	(2)	-	-	-
- Subsidiaries	-	-	(500)	-
Reversal of provision for unutilised leaves	-	(537)	-	-
Unrealised gain on foreign exchange, net	(27)	(29)	-	-
Waiver of amount due to director	(2,449)	-	-	-
Write back of other payables	(13,873)	(146)	(12,544)	-
Operating loss before working capital changes	(52,156)	(17,922)	(1,795)	(699)
Changes in:				
Inventories	(4,730)	(411)	-	-
Trade and other receivables	(2,921)	4,108	(3,841)	-
Trade and other payables	43,833	(2,302)	12,793	(24)
Contract assets	5,792	10,074	-	-
Contract liabilities	525	517	-	-
Cash (used in)/generated from operations	(9,657)	(5,936)	7,157	(723)
Interest paid	(6,236)	(1,349)	(341)	(24)
Interest received	171	115	-	-
Tax paid	(544)	(278)	(286)	(185)
Tax refunded	65	220	-	-
<b>Net cash (used in)/from operating activities</b>	<b>(16,201)</b>	<b>(7,228)</b>	<b>6,530</b>	<b>(932)</b>

The accompanying notes form an integral part of these financial statements



STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)  
(With comparative figures from 1 January 2021 to 31 December 2021)

Note:

(a) Cash outflows for right-of-use assets are as follows:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
<b>Included in cash and cash equivalents:</b>		
- Payment relating to short-term leases	(367)	(227)
- Payment relating to low-value assets	-	(9)
<b>Included in cash used in financing activities:</b>		
- Payment for the principal portion of lease liabilities	(5,747)	(5)
Total outflows for leases	<u>(6,114)</u>	<u>(241)</u>

(b) The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	Bankers' Acceptance	Term loans	Loans from third parties and shareholders	Lease liabilities
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>30.6.2023</b>				
At 1 January 2022	1,509	10,261	4,700	3
Drawdown	-	-	-	-
Interest expense	112	644	61	1,214
Repayment	(1,621)	(3,564)	(211)	(5,747)
<b>Net change in cash flows from financing activities</b>	<b>(1,509)</b>	<b>(2,920)</b>	<b>(150)</b>	<b>(4,533)</b>
Addition lease liabilities	-	-	-	18,531
<u>Non-cash changes:</u>				
Disposed of subsidiary:-				
- Loan from third parties	-	-	(4,550)	-
- Written off lease liabilities	-	-	-	(3)
At 30 June 2023	<u>-</u>	<u>7,341</u>	<u>-</u>	<u>13,998</u>

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)**  
(With comparative figures from 1 January 2021 to 31 December 2021)

Note: (Cont'd)

- (b) The reconciliation of the movements of liabilities to cash flows arising from financing activities:  
(Cont'd)

	<b>Bankers' Acceptance</b>	<b>Term loans</b>	<b>Loans from third parties and shareholders</b>	<b>Lease liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<b>31.12.2021</b>				
At 1 January 2021	1,643	12,250	4,700	58
Drawdown	1,873	-	-	-
Interest expense	36	455	-	- *
Repayment	(2,043)	(2,444)	-	(55)
<b>Net change in cash flows from financing activities</b>	<b>(134)</b>	<b>(1,989)</b>	<b>-</b>	<b>(55)</b>
At 31 December 2021	<u>1,509</u>	<u>10,261</u>	<u>4,700</u>	<u>3</u>

\* Denotes RM178, which is immaterial to present.

	<b>Amounts due (from)/to subsidiaries, net RM'000</b>	<b>Amounts due to director, net RM'000</b>
<b>Company</b>		
<b>2023</b>		
At 1 January 2022	(5,532)	10,659
Advances from, net	447	4,412
Issuance of share by debt settlement	-	(21,199)
Payment on behalf, net	(1,365)	-
Repayment advances from/(to), net	38,550	(515)
<b>Net change in cash flows from financing activities</b>	<b>37,632</b>	<b>(17,302)</b>
Interest expense	137	2,664
Interest income	(1,961)	-
Reclassification of non trade balances	(15,026)	3,972
Advances to	(44,706)	-
<b>Non-cash changes:</b>		
Impairment loss on amounts due from subsidiaries	13,194	-
At 30 June 2023	<u>(16,262)</u>	<u>(7)</u>

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

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)  
(With comparative figures from 1 January 2021 to 31 December 2021)

Note: (Cont'd)

- (b) The reconciliation of the movements of liabilities to cash flows arising from financing activities:  
(Cont'd)

<b>Company</b>	<b>Amounts due (from)/to subsidiaries, net RM'000</b>	<b>Amounts due to director, net RM'000</b>
<b>2021</b>		
At 1 January 2021	3,681	61
Advances to, net	(6,158)	11,705
Payment on behalf, net	(352)	-
Repayment to, net	(2,593)	(127)
<b>Net change in cash flows from financing activities</b>	<b>(2,945)</b>	<b>(127)</b>
Interest expense	232	620
Interest income	(451)	-
Interest paid	(24)	-
Reclassification to amount due from subsidiary	-	(1,600)
<b>Non-cash changes:</b>		
Impairment loss on amounts due from subsidiaries	1,733	-
At 31 December 2021	<u>(3,932)</u>	<u>10,659</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023

#### 1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No.1 Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The principal place of business of the Company is located at Menara Euro, Lot 20111, Jalan TTC12, Kawasan Perindustrian Cheng, Mukim Cheng, Daerah Melaka Tengah, 75250 Melaka.

The principal activities of the subsidiary companies are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is S.P.A. Furniture (M) Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2023.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements, which are expressed in Ringgit Malaysia (“RM”), have been prepared on historical cost basis except as disclosed in the accounting policies below.

The accounting policies set out have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

##### 2.2 Standards Issued but not yet Effective

The Group and the Company has not adopted the following Standards, Amendments and Annual Improvement that have been issued as of the reporting date but are not yet effective:

Description	Effective for annual periods beginning on or after
MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.2 **Standards Issued but not yet Effective (Cont'd)**

The Group and the Company has not adopted the following Standards, Amendments and Annual Improvement that have been issued as of the reporting date but are not yet effective: (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants (Amendment to MFRS 101)	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred until further notice

The directors expect that the adoption of the standards above did not have any significant impact on the financial statements of the Group and of the Company.

2.3 **Functional and Foreign Currencies**

(a) *Functional and Presentation Currency*

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) *Foreign Currency Transactions*

Transactions in foreign currencies are measured in the functional currency of the Group and of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.3 Functional and Foreign Currencies (Cont'd)**

(c) *Foreign Currency Transactions (Cont'd)*

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All exchange differences are taken to profit or loss.

**2.4 Basis of Consolidation and Business Combinations**

(a) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(b) *Business Combination*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured as required by another MFRS.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of Consolidation and Business Combinations (Cont'd)

##### (b) *Basis of Combinations (Cont'd)*

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

##### (c) *Transaction with Non-Controlling Interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### 2.5 Current versus Non-Current Classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.6 **Property, Plant and Equipment**

(a) *Recognition and Measurement*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to the acquisition of the asset and costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to profit or loss. The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Freehold land and factory buildings of a subsidiary company are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold and factory buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Freehold land is not depreciated but is subject to impairment test if there is any indication of impairment.

(b) *Depreciation*

Depreciation of other property, plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful life as follows:

Freehold building	50 years
Computers	5 - 8 years
Electrical installation	6 years
Furniture and fittings	6 - 10 years
Motor vehicles	5 years
Moulds	5 years
Office equipment	2 - 5 years
Plant and machineries	10 years
Renovation	7 years
Signboard	10 years

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.6 Property, Plant and Equipment (Cont'd)

##### (b) *Depreciation*

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are recognised in profit or loss when the changes arise.

##### (c) *Subsequent Expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

##### (d) *Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

#### 2.7 Subsidiary Companies

A subsidiary is an investee that is controlled by the Group. The Group control an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns its power over the investee.

Investment in subsidiary companies is stated in the Company's statement of financial position at cost less impairment losses.

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

#### 2.8 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.9 **Impairment of Non-Financial Assets (Cont'd)**

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.10 **Financial Instruments**

(a) *Initial Recognition and Measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(b) *Financial Instrument Categories and Subsequent Measurement*

*Financial Assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change of the business model.

For purposes of subsequent measurement financial assets are classified in four categories:

- Amortised cost
- Fair value through other comprehensive income – debt instruments
- Fair value through other comprehensive income – equity instruments
- Fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.10 **Financial Instruments (Cont'd)**

(b) *Financial Instrument Categories and Subsequent Measurement (Cont'd)*

*Financial Assets (Cont'd)*

The Group and the Company do not have any financial assets classified other than amortised cost and fair value through other comprehensive income.

(i) *Amortised Cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost 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.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised.

(ii) *Fair Value Through Other Comprehensive Income ("FVOCI") - Equity Instruments*

This category comprises investment in equity that is not held for trading, the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in the other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, unless the dividend clearly represents a recovery of part of the other comprehensive income. On derecognition, gains and losses accumulated in the other comprehensive income are not reclassified to the profit or loss. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its non-listed equity investments under this category.

This category generally applies to other investment. For more information on other investment, refer to Note 7.

All financial assets, except are subject to impairment assessment in Note 2.11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.10 **Financial Instruments (Cont'd)**

(b) *Financial Instrument Categories and Subsequent Measurement (Cont'd)*

*Financial Liabilities*

The categories of financial liabilities at initial recognition are as follows:

- Fair value through profit or loss
- Amortised cost

The Group and the Company do not have any financial liabilities classified other than amortised cost.

(i) *Amortised Cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method ("EIR").

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

(c) *Regular Way Purchase or Sale of Financial Asset*

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current financial year.

Trade date accounting refer to:

- (i) the derecognition of an asset to be received and the liability to pay for it on the trade date, and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refer to:

- (i) the recognition on an asset on the day it is received by the Group and the Company, and
- (ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company apply settlement date accounting unless otherwise stated for the specific class of asset.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.10 Financial Instruments (Cont'd)

##### (d) *Derecognition (Cont'd)*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (e) *Offsetting*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group and the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis, or to realise the asset and liability simultaneously.

#### 2.11 Impairment Losses of Financial Instruments

##### (a) *Financial Assets*

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.11 Impairment Losses of Financial Instruments (Cont'd)**

(a) *Financial Assets (Cont'd)*

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised 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 the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or 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 sources of income that could generated sufficient cash flows to repay the amounts subject to 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 procedures for recovery amounts due.

**2.12 Inventories**

The inventories of the Group are made up of relevant properties' development expenditure and office furniture.

(a) *Property Development Cost*

Property development costs are classified as a current inventory which are measured at the lower of cost and net realisable value. Costs comprise land cost, development costs, including infrastructure costs, and other directly attributable costs of property development activity or that can be allocated on a reasonable basis to such activity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.12 Inventories (Cont'd)

##### (a) *Property Development Cost (Cont'd)*

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

When the development unit are sold to customers, a portion of the development costs is transferred to a contract asset account. The balance in the property development costs not transferred to contract assets represent costs of unsold units in progress.

##### (b) *Office Furniture*

The inventories are made up of raw materials, work-in-progress and finished goods, which are measured at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

Costs incurred in bringing the inventories to their existing location and condition are accounted for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a weighted average cost or standard cost basis (which approximates average actual cost); and
- cost of finished goods and work-in-progress includes raw materials, labour and an appropriate proportion of production overheads.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.13 Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash at bank and cash on hand, fixed deposit with licensed banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts which are repayable on demand, and which form an integral part of the Group's cash management.

**2.14 Provisions**

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

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

**2.15 Operating Segments**

Operating segments are defined as components of the Group that:

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

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.15 Operating Segments (Cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds: (Cont'd)

- (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported profit of all operating segments that did not report loss; and
- (c) its assets are 10% or more of the combined segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

#### 2.16 Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required. Or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### 2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### *As a Lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group and Company is classified as a finance lease.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.17 Leases (Cont'd)**

(a) *Definition of a Lease*

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To access whether a contract conveys the right to control the use of an identified asset, the Group and the Company accesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(b) *Recognition and Initial Measurement*

*As a Lessee*

The Group and the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group's and Company's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.17 **Leases (Cont'd)**

(b) *Recognition and Initial Measurement (Cont'd)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company is reasonably certain not to terminate early.

The Group and the Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(c) *Subsequent Measurement*

*As a Lessee*

The right-of-use asset is subsequently 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.18 Share Capital and Share Issuance Expenses**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital.

**2.19 Revenue and Other Income Recognition**

*(a) Revenue from Contracts with Customers*

The Group is in the business of property development, manufacturing and trading of office furniture as well as trading of steel.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised 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 control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Revenue and Other Income Recognition (Cont'd)

##### *Manufacturing and Trading of Furniture, Trading of Steel*

Revenue from the sales of furniture and steel is recognised when the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), or performance of services, net of sales and service tax and discounts.

##### *Property Development*

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. For contracts with customers that do not meet any of these two conditions, revenue is recognised in the profit or loss at the point in time when the development of the unit is completed and the units delivered to the customers.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). If the outcome of a project is uncertain, revenue in respect of units sold is recognised in the profit or loss to the extent of the recoverable costs incurred. In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

##### *Incremental Costs of Obtaining a Contract with a Customer*

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of that performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of "selling and distribution expenses" in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.19 Revenue and Other Income Recognition (Cont'd)**

*Contract Assets and Liabilities*

Contract assets and liabilities in property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract asset is the excess of cumulative revenue earned over the billings to date. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract assets are recognised as revenue when performance obligations are satisfied.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liabilities are the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of property development contract, contract liabilities are the excess of the billings to date over the cumulative revenue earned. Contract liabilities include down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers. (ii) Interest income Interest income is recognised on an accrual basis using the effective interest method. (iii) Rental income Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. (iv) Late payment interest income Late payment interest income is recognised on an accrual basis using the effective interest method.

(b) *Interest Income*

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

(c) *Rental Income*

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(d) *Late Payment Interest Income*

Late payment interest income is recognised on an accrual basis using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.20 Taxes

##### (a) *Current Income Tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### (b) *Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only on to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.20 Taxes (Cont'd)**

(b) *Deferred Tax (Cont'd)*

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) *Sales and Services Tax ("SST")*

Revenue, expenses and assets are recognised net of the amount of SST, except:

- (i) When the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) When receivables and payables are stated with the amount of SST included. The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

**2.21 Employee Benefits**

(a) *Short-Term Employees Benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Employee entitlement to annual leave is recognised when it accrues to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.21 **Employee Benefits (Cont'd)**

(b) *Post-Employment Benefits*

The Group and the Company contributes to the Employees' Provident Fund (EPF), the national defined contribution plan. The contributions are charged to profit or loss in the financial period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

2.22 **Related Party**

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group and the Company if that person
- (i) has control or joint control over the Company; or
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Group and of the Company, or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of the same entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) the entity is controlled or joint-controlled by a person identified in (a) above.
  - (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.
  - (viii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.23 Borrowing Costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.24 Fair Value Measurement**

Fair value is the price that would be received to sell asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

- (i) in the principal market for the assets or liability; or
- (ii) in the absence of a principal market in the most advantageous market for the asset and liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 2.24 **Fair Value Measurement (Cont'd)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determine whether transfer have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

#### 2.25 **Dividends**

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends proposed by the directors are recorded in the financial year in which the dividends are approved by the shareholders.

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

Accounting judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

**3.1 Judgements Made in Applying Accounting Policies**

In the process of applying the accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the specified purpose financial statements.

(a) *Determination of Functional Currency*

In determining the functional currency of the Group and the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sale prices of its goods and services. The functional currency of the Group and the Company is determined based on the management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

(b) *Determination of Lease*

The Group and the Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to exercise is not taken, to help them determine the lease term. The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

**3.2 Key Sources of Estimation of Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed as below. The Group and the Company based its assumptions and estimates on parameters available when the specified purpose financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

(a) *Useful Lives of Property, Plant and Equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment is disclosed in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

#### 3.2 Key Sources of Estimation of Uncertainty (Cont'd)

##### (b) *Measurement of Expected Credit Losses ("ECL")*

The Group and the Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on The Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and the Company's trade receivables is disclosed in Note 23(b).

The net carrying amount of the Group's trade receivables as at 30 June 2023 is RM Nil (31.12.2021: RM5,484,000) respectively.

##### (c) *Income Taxes*

The Group and the Company is subject to income taxes in Malaysia. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

##### (d) *Property Development Revenue*

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making of the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**

**3.2 Key Sources of Estimation of Uncertainty (Cont'd)**

(d) *Property Development Revenue (Cont'd)*

The determination of transaction price includes the estimation of variable consideration arising from liquidated ascertain damages (“LAD”), which will affect the entitlement to the amount of consideration received. This represents the variation to the contracted selling price and is estimated based on the most likely amount method, taking into consideration the expected delivery of vacant possession of development units.

(e) *Provision for Slow-Moving Inventories*

Reviews are made periodically by management for damaged, obsolete and slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) *Provision for Potential Claims*

The Group determines whether a present obligation from potential claims that may exist at the reporting date by taking into account all available evidence. Management and external legal counsel have studied the potential claims and believe that adequate provision has been made to cover any material exposure arising from the potential claims as disclosed in notes to the financial statements.





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Company</b>	<b>Signboard RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2023	35	35
<b>Accumulated depreciation</b>		
At 1 January 2021	20	20
Charge for the financial year	3	3
At 31 December 2021 and 1 January 2022	23	23
Charge for the financial period	5	5
At 30 June 2023	28	28
<b>Net carrying amount</b>		
At 31 December 2021	12	12
At 30 June 2023	7	7

- (a) The net carrying amount of the property, plant and equipment pledged for bank facilities (Note 17(a)) are as follow:

	<b>Group</b>	
	<b>30.6.2023 RM'000</b>	<b>31.12.2021 RM'000</b>
Factory buildings, at valuation/cost	9,000	2,790
Freehold land, at valuation/cost	11,000	2,071
Factory buildings, at	22,446	25,559
Freehold land, at cost	4,833	7,133
	<u>47,279</u>	<u>37,553</u>

Freehold land and factory building of the Group were revalued at 27 June 2023 by Messrs. VPC Alliance (PJ) Sdn. Bhd., an independent professional valuer, based on open market values on cost method basis. The revaluation surplus of RM13,780,000 (net of tax) has been transferred to revaluation reserve of the Group.

Freehold land and factory buildings at valuation are categorised as Level 2 fair value.

**Level 2 Fair Value**

Level 2 fair value of freehold land and factory buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**Level 2 Fair Value (Cont'd)**

If the freehold land and factory building were measured using the cost model, the carrying amount would have been as follows:

	<b>30.6.2023</b> <b>RM'000</b>	<b>31.12.2021</b> <b>RM'000</b>
Freehold land, at cost	2,071	2,071
Factory building, at cost	5,740	5,740
Less: Accumulated depreciation	(3,122)	(2,949)
	<u>2,618</u>	<u>2,791</u>
Total net carrying amount	<u><u>4,689</u></u>	<u><u>4,862</u></u>

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Group has a lease contract for equipment and warehouse. The Group's obligations under this lease are secured by the lessor's title to the leased asset. The Group is restricted from assigning and subleasing the leased assets.

- (a) Carrying amount of right-of-use asset recognised and the movement during the financial period/year.

	<b>Warehouse</b> <b>RM'000</b>	<b>Lease</b> <b>equipment</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Group</b>			
<b>Cost</b>			
At 1 January 2021	-	187	187
Lease expiration	-	(103)	(103)
At 31 December 2021 and 1 January 2022	-	84	84
Additions	18,531	-	18,531
Written off on termination of lease	-	(84)	(84)
At 30 June 2023	<u>18,531</u>	<u>-</u>	<u>18,531</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

- (a) Carrying amount of right-of-use asset recognised and the movement during the financial period/year. (Cont'd)

	Warehouse RM'000	Lease equipment RM'000	Total RM'000
<b>Accumulated depreciation</b>			
At 1 January 2021	-	139	139
Charge for the financial year	-	46	46
Lease expiration	-	(103)	(103)
At 31 December 2021 and 1 January 2022	-	82	82
Charge for the financial period	5,019	-	5,019
Written off on termination of lease	-	(82)	(82)
At 30 June 2023	<u>5,019</u>	<u>-</u>	<u>5,019</u>
<b>Net carrying amount</b>			
At 31 December 2021	-	2	2
At 30 June 2023	<u>13,512</u>	<u>-</u>	<u>13,512</u>

- (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the financial period/year.

	30.6.2023 RM'000	Group 31.12.2021 RM'000
At beginning of financial period/ year	3	169
Additions	18,531	-
Accretion of interest	1,214	-
Repayment of principal	(4,533)	(166)
Repayment of interest expenses	(1,214)	-
Written off on termination of lease	(3)	-
At end of financial period/year	<u>13,998</u>	<u>3</u>
<b>Current</b>		
- Not later than one year	<u>4,491</u>	<u>3</u>
<b>Non-current</b>		
- Later than one year but not later than five years	<u>9,507</u>	<u>-</u>
	<u>13,998</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

(i) The maturity analysis of lease liabilities is disclosed in Note 33 (c).

(c) Amount recognised in profit or loss

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of right-of-use assets (Note 26)	5,019	46
Interest expense on lease liabilities (Note 25)	1,214	-
Lease expenses not capitalised in lease liabilities		
- Expenses relating to short term lease (included in cost of sales and other expenses)	367	227
- Expense relating to leases of low-value assets (included in other expenses)	-	9
Total (Note 26)	367	236
Total amount recognised in profit or loss	6,600	282

(e) Total cash outflows

The Group had total cash outflows for leases of RM5,747,000 (31.12.2021: RM166,000).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

6. INVESTMENT IN SUBSIDIARIES

	30.6.2023 RM'000	31.12.2021 RM'000
<b>Unquoted shares in Malaysia - at cost</b>		
At beginning of financial period/year	23,948	24,448
Less: Impairment losses of investment in subsidiaries	(17,486)	(15,817)
At end of financial period/year	<u>6,462</u>	<u>8,631</u>
<b>Amount due from subsidiaries*</b>		
At beginning of financial period/year	34,876	10,134
Less: Impairment losses of amount due from subsidiaries (Note 26)	(17,052)	(3,857)
At end of financial period/year	<u>17,824</u>	<u>6,277</u>
	<u>24,286</u>	<u>14,908</u>

\* These amounts represent unsecured advance, which are recoverable on demand, of which the principal sum of RM26,090,000 (31.12.2021: RM8,092,000) as at reporting date bears interest of 7.90% (31.12.2021: 7.90%) per annum. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are measured at cost less accumulated impairment losses.

Details of the subsidiary companies are as follows:

Name	Principal activities	Country of incorporation	Proportion of ownership	
			30.6.2023	31.12.2021
<i>Held by the Company</i>				
Euro Chairs Manufacturer (M) Sdn. Bhd. ("ECM") *	Manufacturing and marketing of furniture	Malaysia	100%	100%
Euro Chairs System Sdn. Bhd. ("ECS") *	Trading of furniture, furnishing fabric materials and other furniture components	Malaysia	100%	100%
Eurosteel System Sdn. Bhd. ("ES") *	Trading of storages and steel furniture	Malaysia	75.76%	75.76%
Euro Space Industries (M) Sdn. Bhd. ("ESI") *	Manufacturing and trading of office furniture, partitions, chairs and panels	Malaysia	100%	100%
Euro Space System Sdn. Bhd. ("ESS") *	Trading of office furniture	Malaysia	100%	100%
Eurosteel Line Sdn. Bhd. ("ESL") *	Trading of steel and steel storages	Malaysia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiary companies are as follows: (Cont'd)

Name	Principal activities	Country of incorporation	Proportion of ownership	
			30.6.2023	31.12.2021
<i>Held by the Company</i>				
Euro Chairs (M) Sdn. Bhd. ("ECSB") *	Holds the industrial designs and trademarks of the Group	Malaysia	100%	100%
Euroland & Development Sdn. Bhd. ("ELD") *	Property development	Malaysia	-	100%

\* Audited by Chengco PLT

- (a) On 12 June 2023, the Company has disposed 500,000 ordinary shares of Euroland & Development Sdn. Bhd. of RM4.00 each for a total consideration of RM2,000,000. Hence, ELD ceased to be a subsidiary of the Group. The effect of the disposal on the cash flows of the Group were as follows:

The carrying amounts of assets and liabilities as at the date of disposal

	<b>12.6.2023</b> <b>RM'000</b>
<b>Non current asset</b>	
Property, plant and equipment	<u>31</u>
<b>Current assets</b>	
Inventories	23,441
Trade receivables	8
Other receivables, deposits and prepayments	2,648
Fixed deposits with a license bank	3,907
Cash and bank balances	<u>112</u>
	<u>30,147</u>
Total assets	<u>30,147</u>
<b>Current liabilities</b>	
Trade payables	7,811
Other payables	43,126
Borrowings	4,550
Current tax liabilities	<u>41</u>
Total liabilities	<u>55,528</u>
Net liabilities disposed of	(25,381)
Gain on disposal of investment in a subsidiary	<u>23,381</u>
Cash proceeds on disposal	2,000
Less: Cash and cash equivalents in subsidiary disposed of	<u>(112)</u>
Net cash inflow on disposal	<u><u>1,888</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

(a) The reconciliation of impairment losses of investment in subsidiaries are as follows:

	<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	15,817	3,795
Add: Impairment losses during the financial period/year	2,169	12,022
Less: Reversal of impairment losses during the financial period/year	(500)	-
At end of financial period/year	<u>17,486</u>	<u>15,817</u>

(b) As at 30 June 2023, the Company carried out a review of the recoverable amount of its investment in ECM, ECS, ES, ESS, ESL and ECSB due to their persistent loss-making and significant accumulated losses position. This has resulted in an impairment loss of RM2,169,000 (31.12.2021: RM12,022,000) being recognised as “administrative expenses” line item in the Company’s statement of comprehensive income for the financial period from 1 January 2022 to 30 June 2023. The recoverable amounts of the subsidiaries were derived based on fair value less costs of disposal which were measured based on the adjusted net assets of respective subsidiaries.

	<b>ES</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
NCI percentage of ownership and voting interest	24.24%	24.24%
Carrying amount of NCI	677	(789)
Loss representing total comprehensive loss allocated to NCI	(124)	(85)
Share of fair value loss on equity instrument	<u>-</u>	<u>(1,591)</u>

(c) The movement in allowance of impairment loss of amount due from subsidiaries was as follows:

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	3,857	2,124
Add: Impairment losses of other receivables (Note 26)	13,195	1,733
At end of financial period/year	<u>17,052</u>	<u>3,857</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

The summarised financial information before intra-group elimination of the subsidiary that has NCI as at the end of each reporting period is as follows:

	<b>30.6.2023</b>	<b>ES</b>
	<b>RM'000</b>	<b>31.12.2021</b>
		<b>RM'000</b>
<b>Assets and liabilities</b>		
Non-current assets	28	-
Current assets	68	247
Non-current liabilities	(18)	-
Current liabilities	(3,856)	(3,502)
<b>Net liabilities</b>	<u>(3,778)</u>	<u>(3,255)</u>
<b>Results:</b>		
Revenue	52	313
Loss for the financial period/year	(516)	(351)
Total comprehensive loss	<u>(516)</u>	<u>(6,916)</u>
<b>Cash flows:</b>		
Net cash used in operating activities	(465)	(200)
Net cash from/(used in) investing activities	14	(117)
Net cash from financing activities	<u>437</u>	<u>236</u>

7. **OTHER INVESTMENT**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Redeemable Convertible Preference Shares ("RCPS")				
<b>At FVOCI</b>				
At beginning of financial period/ year	-	-	18,991	33,324
Fair value loss (Note 15)	-	-	(18,991)	(14,333)
At end of financial period/year	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,991</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 7. OTHER INVESTMENT (CONT'D)

The Group and the Company designated the above unquoted RCPS equity investment at FVOCI as the Group and the Company did not intend to hold for trading purposes.

As at 30 June 2023, the directors carried out a review on the fair value of RCPS. A fair value loss of RM18,991,000 (31.12.2021: 14,333,000) was recognised in the other comprehensive income as “fair value loss on equity instrument designated at FVOCI” line item. The fair value of RCPS is determined based on the adjusted net assets method and is recognised under level 3 of the fair value hierarchy.

The salient terms of the RCPS are as follows:

(a) Conversion

The RCPS issuer shall have the right to convert the RCPS into new ordinary shares at the conversion ratio of one (1) RCPS for one (1) new ordinary share of ELD at anytime during the tenure of 5 years commencing from and inclusive the date of issuance. Any outstanding unconverted RCPS at the end of the tenure will be converted into ordinary shares of ELD at the same conversion ratio.

(b) Transferability

The RCPS are transferable subject to the same provisions for transfer of shares set out in ELD's constitution.

(c) Redemption

The issuer of the RCPS shall have the right to redeem all or any of the RCPS issued at any time after the issue date at the 100% of the issue price. The RCPS which have been redeemed will be cancelled and cannot be reissued.

(d) Ranking

The RCPS holders shall rank ahead for the right to receive dividend in priority to any other classes of shares, and the right to repayment of capital together with a sum equal to any arrears or deficiency of the dividend in the event of winding up in first priority to all other classes of shares. However, the RCPS holders shall have no participation in any surplus assets and profit-sharing rights.

(e) Rights

The RCPS holders shall be entitled to receive notice of and to attend general meetings of ELD and the right on a poll at any such general meeting to one (1) vote for each RCPS:

- (i) upon any resolution which varies or is deemed to vary the rights attached to the RCPS; and
- (ii) upon any resolution for the winding up of ELD. But shall otherwise have no rights to vote at a general meeting of ELD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

8. **INVENTORIES**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At costs:</b>		
Property development costs	-	30,573
<b>Furniture:</b>		
- Raw materials	9,237	10,227
- Work-in-progress	779	1,578
- Finished goods	14,792	1,141
	24,808	12,946
Less: Provision for slow-moving inventories	(349)	(349)
	24,459	12,597
Total amount recognised in profit or loss	24,459	43,170

(a) Property development costs

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At costs:</b>		
Cumulative property development costs		
At 1 January	-	7,000
Land cost	-	133,465
Development costs	-	140,465
<b>Add: Cost incurred during the financial period/year</b>		
Development costs	-	1,155
	-	141,620
<b>Less: Cumulative costs recognised in statements of comprehensive income</b>		
At 1 January	-	(110,093)
Recognised during the financial period/year (Note 22)	-	(954)
	-	(111,047)
<b>Property development costs as at 30 June/ 31 December</b>	-	30,573

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

8. **INVENTORIES (CONT'D)**

(b) Provision for slow moving inventories

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	349	-
Addition during the financial period/year	-	349
At end of financial period/year	<u>349</u>	<u>349</u>

During the financial period/year, management did not write down any of its inventories to its net realisable value.

9. **TRADE RECEIVABLES**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Financial assets (Note 32)</i>		
Trade receivables		
- Third parties	<u>4,829</u>	<u>10,208</u>
	4,829	10,208
Less: Impairment loss		
[Note 33(b)]	<u>(4,829)</u>	<u>(4,724)</u>
<b>Total trade receivables</b>	<u>-</u>	<u>5,484</u>

Trade receivables are interest-free and are generally on 30 days to 180 days (31.12.2021: 30 days to 180 days) terms. They are recognised at their original invoice amounts which represent the fair values on initial recognition.

The movement in allowance of trade receivables was as follows:

	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	4,724	4,855
Add: Impairment losses of trade receivables (Note 26)	819	1,158
Less: Written off during the financial period/year	-	(54)
Less: Reversal of impairment losses of trade receivables (Note 24)	<u>(714)</u>	<u>(1,235)</u>
At end of financial period/year	<u>4,829</u>	<u>4,724</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

9. **TRADE RECEIVABLES (CONT'D)**

Trade receivables are denominated in the following currencies:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Ringgit Malaysia	2,860	8,264
Singapore Dollar	245	254
United States Dollar	1,724	1,690
	4,829	10,208

10. **OTHER RECEIVABLES**

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<i>Financial assets (Note 32)</i>				
Other receivables				
- Third parties	16,882	5,444	3,846	-
	16,882	5,444	3,846	-
Less: Impairment loss				
[Note 33(b)]	(198)	(64)	-	-
	16,684	5,380	3,846	-
Contract costs	-	208	-	-
Other receivables - net	16,684	5,588	3,846	-
<i>Non-financial assets</i>				
Deposits	8,659	766	-	-
Prepayments	126	715	1	6
	8,785	1,481	1	6
<b>Total other receivables</b>	25,469	7,069	3,847	6

- (a) In the current financial period, included in the other receivables of the Group's and the Company's at the end of the reporting date is outstanding proceeds from disposal of property, plant and equipment of RM13,800,000 with a credit term granted of 150 days. As at reporting date, the outstanding amount yet to be collected is RM12,834,000, of which the remaining balance was settled subsequent to the financial year. The Company also has disposed one of its subsidiaries Euroland & Development Sdn. Bhd. ("ELD") to Big Feed Sdn Bhd for a consideration of RM2 million and the amount was fully settled in subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

10. **OTHER RECEIVABLES (CONT'D)**

- (b) In the previous financial year, contract costs represent capitalised sales commissions to external sales agent and employees for obtaining property sales contract which are expected to be recovered through revenue recognition by reference to progress towards complete satisfaction of that performance obligation with contract customers. These costs are subsequently expensed off as “selling and distribution expenses”, which is consistent with the revenue recognition pattern. During the financial period/year, the total costs to obtain contracts recognised by the Group as “selling and distribution expenses” in the profit or loss amounted to RM Nil (31.12.2021: RM94,000).

The movement in allowance of other receivables was as follows:

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	64	-
Add: Impairment losses of other receivables (Note 26)	136	64
Less: Reversal of impairment losses of other receivables (Note 24)	(2)	-
At end of financial period/year	<u>198</u>	<u>64</u>

Other receivables are denominated in the following currencies:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	25,462	7,069	3,847	6
United States Dollar	7	-	-	-
	<u>25,469</u>	<u>7,069</u>	<u>3,847</u>	<u>6</u>

11. **CONTRACT ASSETS/(LIABILITIES)**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contract assets:</b>		
- Property development	<u>-</u>	<u>5,793</u>
<b>Contract liabilities:</b>		
- Manufacturing and trading of furniture	<u>(2,104)</u>	<u>(1,546)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

11. **CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

Contract assets/(liabilities) are denominated in the following currencies:

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
Euro Dollar	3	1
Ringgit Malaysia	1,012	248
Singapore Dollar	-	3
United States Dollar	1,089	1,294
	2,104	1,546

12. **FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits with licensed banks of the Group amounted to RM2,404,000 (31.12.2021: RM6,757,000) bear effective interest rates ranging from 1.90% to 2.28% (31.12.2021: 1.50% to 1.80%) per annum, which have been pledged to licensed banks as security for borrowings (Note 18) granted to the Group.

13. **CASH AND BANK BALANCES**

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
Cash in hand	10	54	-	-
Cash at banks	3,352	2,087	2,573	5
	3,362	2,141	2,573	5

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
Ringgit Malaysia	3,294	2,076	2,573	5
Euro Dollar	7	7	-	-
Singapore Dollar	2	2	-	-
United States Dollar	59	56	-	-
	3,362	2,141	2,573	5

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

13. **CASH AND BANK BALANCES (CONT'D)**

For the purpose of presenting the statements of cash flows, cash and cash equivalents comprise the following:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	3,362	2,141	2,573	5
Fixed deposits with licensed bank	2,404	6,757	-	-
	<u>5,766</u>	<u>8,898</u>	<u>2,573</u>	<u>5</u>
Less:				
Fixed deposits with licensed bank	(2,404)	(6,757)	-	-
Bank overdraft	(9,390)	(11,737)	-	-
	<u>(6,028)</u>	<u>(9,596)</u>	<u>2,573</u>	<u>5</u>

14. **SHARE CAPITAL**

	<b>Number of ordinary shares</b>		<b>Group and Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>Unit'000</b>	<b>Unit'000</b>	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	801,900	801,900	48,402	48,402
Issued during the financial period/ year	261,497	-	30,879	-
At end of financial period/year	<u>1,063,397</u>	<u>801,900</u>	<u>79,281</u>	<u>48,402</u>

During the current financial period, the Company increased its issued and paid-up ordinary shares from 801,900,000 units to 1,063,397,100 units by way of the following:-

- On 8 May 2023, proposed settlement of debts owing to Dato'Sri Lim Teck Boon, the group managing director and the controlling shareholder of the Company, amounting to RM21,198,864.10 through the issuance of 181,497,100 new ordinary shares in the Company at an issue price of RM0.1168 to the holding company namely S.P.A Furniture (M) Sdn. Bhd..
- On 24 August 2022, issued 40,000,000 new ordinary shares through private placement at an issue price of RM0.1180 per ordinary share for working capital purposes.
- On 5 August 2022, issued 40,000,000 new ordinary shares through private placement at an issue price of RM0.1240 per ordinary share for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry on vote per share without restrictions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

15. **FAIR VALUE RESERVE**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fair value reserve by NCI	-	1,591	-	-
Fair value reserve	-	-	(33,324)	(14,333)

The fair value reserve of the Group comprises the cumulative net change in the fair value of equity instrument designated at FVOCI until the asset is derecognised or disposed. The creation of reserve of the Group represents the share of fair value loss by non-controlling interest for investment in one of the Company's subsidiaries.

The fair value reserve of the Company comprises the cumulative net change in the fair value of equity instrument designated at FVOCI until the asset is derecognised or disposed.

16. **REVALUATION RESERVE**

	<b>Group and Company</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial period/year	-	-
Surplus on revaluation arising from freehold land and factory bulding	13,780	-
At end of financial period/year	13,780	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

17. **LOANS AND BORROWINGS**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Current</i>		
Bank overdrafts	9,390	11,737
Bankers' acceptance	-	1,509
Term loans	15	2,492
Third parties	-	4,700
	9,405	20,438
<i>Non-current</i>		
Term loans	7,326	7,769
	7,326	7,769
<b>Total loans and borrowings</b>	<b>16,731</b>	<b>28,207</b>

The exposure of the borrowings of the Group and Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	9,405	20,438
Later than one year but not later than five years	59	4,322
Later than five years	7,267	3,447
<b>Total loans and borrowings</b>	<b>16,731</b>	<b>28,207</b>

(a) **Security Granted**

The term loans of the subsidiary company are secured by a charge over the freehold land and factory building (Note 4) and secured by jointly and severally guarantee by the directors of the Company. The repayment terms are as follows:

	<u>Monthly instalment</u>	<u>Loan limit</u>	<u>Repayment period</u>	<u>Effective interest rate</u>
	(RM)	(RM)		
Term loan 1	164,236	16,000,000	14 years	7.89%
Term loan 2	41,000	9,750,000	20 years	6.50%

Bank overdraft, bankers' acceptance and bank guarantee up to a combined limit of RM15,743,000 (31.12.2021: RM15,743,000) are extended to the Group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

17. **LOANS AND BORROWINGS (CONT'D)**

The bank overdrafts and bankers' acceptance obtained by the Groups from banks which bears interest at rates ranging from 1.25% to 5.51% per annum above the bank's lending rate at daily rests, is repayable on demand. The banking facilities are secured by a corporate guarantee from immediate holding company, Euro Holding Berhad and jointly and severally guarantee by the directors of the Company.

Bank overdraft, bankers' acceptance and term loans are denominated in Ringgit Malaysia.

18. **DEFERRED TAX LIABILITIES**

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
At beginning of financial year	-	287	-	2
Surplus on revaluation of freehold land and factory building	1,531	-	-	-
Recognised in profit or or loss (Note 27)	-	(287)	-	(2)
At end of financial year	<u>1,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
The deferred tax liabilities in respect of:				
Revaluation surplus on property plant and equipment	<u>1,531</u>	<u>-</u>	<u>-</u>	<u>-</u>

19. **TRADE PAYABLES**

	Group	
	30.6.2023 RM'000	31.12.2021 RM'000
<i>Financial assets (Note 32)</i>		
Trade payables		
- Third parties	941	5,720
Retention sum	-	4,074
<b>Total trade payables</b>	<u>941</u>	<u>9,794</u>

Trade payables are non-interest bearing and generally on 30 days to 90 days (31.12.2021: 30 days to 90 days)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

20. **OTHER PAYABLES**

	Note	Group		Company	
		30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<u>Financial liabilities</u>					
<u>(Note 32)</u>					
Other payables					
- Former directors' related company		-	39	547	416
- Director's related companies		-	109	-	-
- Third parties		1,742	2,078		-
Accrued expenses		1,126	10,408	229	72
Provision for legal claim		-	2,267	-	-
<b>Total other payables</b>		<u>2,868</u>	<u>14,901</u>	<u>776</u>	<u>488</u>

21. **AMOUNTS DUE TO SUBSIDIARIES/DIRECTORS/RELATED COMPANY**

		Group		Company	
		30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<b>Amount due to subsidiaries:</b>					
- Non-trade	(i)	<u>-</u>	<u>-</u>	<u>1,562</u>	<u>2,345</u>
<b>Amount due to directors:</b>					
- Non-trade	(ii)	<u>4,290</u>	<u>10,875</u>	<u>7</u>	<u>10,659</u>
<b>Amount due to related company</b>					
- Non-trade	(iii)	<u>2,662</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (i) This amount represents unsecured advance, which is repayable on demand, of which the principal sum of RM894,000 (31.12.2021: RM1,724,000) as at the reporting date bears interest of 7.90% (31.12.2021:7.90%) per annum.
- (ii) This amount represents unsecured advance, which is repayable on demand, of which the principal sum of RM6,663,000 (31.12.2021: RM10,150,000) and RM5,844,000 (31.12.2021: RM9,990,000) respectively as at the reporting date bears interest of 12% (31.12.2021:12%) per annum.
- (iii) This amount represents unsecured, interest-free advance, which is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

22. **REVENUE**

		<b>Group</b>	
	<b>Note</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
<b>Revenue from contracts with customers</b>			
Manufacturing and trading of furniture, trading of steel	(i)	215,973	89,513
Property development	(ii)	9,925	(10,132)
		<u>225,898</u>	<u>79,381</u>
<b>Timing of recognition</b>			
Over time		9,925	(10,132)
At a point in time		215,973	89,513
		<u>225,898</u>	<u>79,381</u>

The disaggregation of revenue by segment and geographical market is disclosed in Note 36.

(i) Manufacturing and Trading of Furniture

The Group is principally engaged in manufacturing and marketing of furniture products to local and overseas customers. The geographical locations of the customers are mainly from Malaysia, Hong Kong, India, Middle East, Thailand, etc.

Trading of Steel

The Group is also involved in the trading of steel to local customers.

Performance Obligation ("PO")

For the manufacturing and trading of furniture, the contracts with customers are bundled and consist of obligations for the sales of furniture and delivery of the said furniture to its customers, whereby in some instances it will be delivered to foreign port for overseas customers. Contracts for bundled services are comprised of multiple POs and are capable of being distinct and separately identifiable. However, the management has assessed that the delivery obligation is primarily a value-added fulfilment service and is not considered to be a significant distinct PO. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis. Payment term is generally due within 30 - 180 days from the date when PO is satisfied.

For the trading of steel, the contracts with customers consist of obligation for the sales of steel on a cash and carry basis. Accordingly, the contract with customers is considered as a single PO and is satisfied at point in time basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

22. **REVENUE (CONT'D)**

(i) Manufacturing and Trading of Furniture (Cont'd)

Timing of Recognition/Unsatisfied PO

Revenue is recognised at point in time when the control over the goods have been transferred to the customer and obtain customer acceptance of the said goods. Revenue is recognised based on the price specified in the invoices, net of discounts, rebates and incentives where applicable. The unsatisfied POs yet to be recognised as revenue at the reporting date mainly relates to the collection of advance deposit from customers as disclosed in Note 11(b).

(ii) Property Development

The property development revenue is in respect of residential units under construction. The revenue breakdown is shown as follows:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
<b>Revenue, gross</b>	14,320	1,199
Less: Provision of LAD	<u>(4,395)</u>	<u>(11,331)</u>
<b>Revenue, net</b>	<u><u>9,925</u></u>	<u><u>(10,132)</u></u>

Kindly refer to Note 8(a) for further details on the provision for LAD arising from late delivery of vacant possession of the residential units to property purchasers.

Timing of Recognition

Revenue is recognised when the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The residential units sold have generally no alternative use for the Group due to contractual restrictions. The Group has an enforceable right to payment for the certified work performed over the contract period as promised in the Sale and Purchase Agreement ("SPA"). Therefore, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that aforesaid performance obligation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

22. REVENUE (CONT'D)

(ii) Property Development (Cont'd)

Unsatisfied Long-term Contracts

The following table shows unsatisfied performance obligations resulting from property development revenue:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
Total contracted revenue, net	149,139	142,082
Less: Cumulative property development revenue recognised	<u>(149,139)</u>	<u>(139,432)</u>
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 30 June 2023/31 December 2021	<u>-</u>	<u>2,650</u>

The remaining unsatisfied performance obligations are expected to be recognised as follows:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
Within 1 year	<u>-</u>	<u>2,650</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

22. **REVENUE (CONT'D)**

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
<b>Revenue from contracts with customers</b>		
Property development	<u>9,925</u>	<u>(10,132)</u>
<b>Revenue from contracts with customers in primary geographical markets</b>		
Bahrain	3	-
Barbados	52	-
Cambodia	172	294
Canada	700	156
Central America	-	118
China	3	-
Europe	-	69
Hong Kong	-	74
India	-	146
Japan	-	75
Malaysia	213,423	76,495
Middle East	-	573
Philippines	-	138
Singapore	79	69
Thailand	3	661
United States of America	1,238	-
Others	<u>300</u>	<u>513</u>
	<u>215,973</u>	<u>79,381</u>
<b>Timing of recognition</b>		
Over time	9,925	(10,132)
At a point in time	<u>215,973</u>	<u>79,381</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

23. **COST OF SALES**

	Group	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Manufacturing and trading of furniture, trading of steel	215,847	90,027
Property development	9,426	954
	<u>225,273</u>	<u>90,981</u>

24. **OTHER INCOME**

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 30.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 30.12.2021 RM'000
Bad debt recovered	6	-	-	-
Forfeiture of deposits received	-	118	-	-
Fixed deposits interest income	-	115	-	-
Gain on disposal of property, plant and equipment	9,415	-	-	-
Gain on disposal of investments in subsidiaries	27,291	-	1,500	-
Gain on foreign exchange				
- unrealised	-	69	-	-
- realised	33	22	-	-
Interest income	171	-	1,961	451
Late payment interest income	-	38	-	-
Lease income	528	-	-	-
Other income	444	34	-	-
Reversal of impairment				
losses on trade receivables	714	1,235	-	-
Reversal of impairment				
losses on other receivables	2	-	-	-
Reversal of impairment				
losses on investment in subsidiaries	-	-	500	-
Sundry income	4	-	-	-
Waiver of debts	2,449	-	-	-
Write back of other payables	13,873	146	12,544	-
	<u>54,930</u>	<u>1,777</u>	<u>16,505</u>	<u>451</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

25. **FINANCE COSTS**

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 30.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 30.12.2021 RM'000
<i>Interest expenses of financial liabilities that are not at fair value through profit or loss:</i>				
Bank guarantee charges	-	46	-	-
Bank overdraft interest	1,197	808	-	-
Bankers' acceptance interest	-	36	-	-
Commitment fees	2	4	-	-
Lease liabilities interest	1,214	-	-	-
Loans interest				
- Amount due to a director	2,676	627	2,664	619
- Amount due to subsidiaries		-	137	232
- Third parties	402	-	204	-
Overdraft interest	101			
Term loans interest	644	455	-	-
	<u>6,236</u>	<u>1,976</u>	<u>3,005</u>	<u>851</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

26. **LOSS BEFORE TAX**

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
<i>Loss before tax is arrived at after charging:</i>				
Auditors' remuneration	252	200	48	51
Depreciation of property, plant and equipment (Note 4)	1,958	1,702	5	3
Depreciation of right-of-use assets (Note 5)	5,019	46	-	-
Employment benefit expenses	335	7,846	-	84
Impairment loss on:				
- Amount due from subsidiaries (Note 6)	-	-	13,195	1,733
- Investment in subsidiaries (Note 6)	-	-	2,169	12,022
- Trade receivables (Note 9)	819	1,158	-	-
- Other receivables (Note 10)	136	64	-	-
Loss on cash in hand	9	-	-	-
Short-term lease:				
- Lease of premises	284	52	-	-
- Lease of equipment	49	175	-	-
- Lease of license	32	-	-	-
Lease of low-value assets:				
- Lease of hostel	-	9	-	-
Loss on forward exchange contracts	-	1	-	-
Loss on foreign exchange				
- Realised	91	57	-	-
- Unrealised	6	-	-	-
Provision for litigation	-	1,032	-	-
Provision for slow moving inventories (Note 8)	-	349	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

27. **TAX EXPENSE/(INCOME)**

(a) *Major Components of Tax Expense/(Income)*

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
<b><i>Income tax</i></b>				
Current financial period/year	138	85	-	-
Under/(over) provision in prior financial year	3	37	4	(1)
	<u>141</u>	<u>122</u>	<u>4</u>	<u>(1)</u>
<b><i>Deferred tax (Note 18)</i></b>				
Current financial period/year	-	(138)	-	(2)
Over provision in prior financial year	-	(149)	-	-
	<u>-</u>	<u>(287)</u>	<u>-</u>	<u>(2)</u>
	<u>141</u>	<u>(165)</u>	<u>4</u>	<u>(3)</u>

(b) *Relationship Between Tax Expense/(Income) and Accounting Loss*

Reconciliation between tax expense/(income) and the product of accounting loss multiplied by the applicable tax rate is as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Loss before tax	<u>(12,379)</u>	<u>(21,986)</u>	<u>(3,664)</u>	<u>(14,857)</u>
Income tax calculated at tax 24%	(13,669)	(5,277)	(879)	(3,566)
Tax effects of:				
- Expense not deductible for tax purpose	9,946	432	4,359	3,517
- Income not subject to tax	(4,740)	(12)	(3,481)	-
Utilisation of reinvestment unrecognised deferred tax assets	-	(53)	-	-
Under/(Over) provision of income tax in prior financial period/year	3	37	4	(1)
Over provision of deferred tax in prior financial period/year	-	(149)	-	-
Deferred tax assets not recognised during the financial period/year	8,601	4,857	1	47
	<u>141</u>	<u>(165)</u>	<u>4</u>	<u>(3)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

27. **TAX EXPENSE/(INCOME) (CONT'D)**

The amount of temporary difference for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
Other deductible temporary difference*	3,241	3,347	(1)	(2)
Property, plant and equipment	(2,674)	(2,877)	(1)	(2)
Unabsorbed capital allowances	1,784	1,488	1	1
Unabsorbed tax losses	18,438	10,230	-	-
Unutilised reinvestment allowance	<u>2,282</u>	<u>2,282</u>	-	-
	<u><u>23,071</u></u>	<u><u>14,470</u></u>	<u><u>-</u></u>	<u><u>(1)</u></u>

Deferred tax assets have not been recognised in respect of these item as it is not probable that the future taxable profit of the Group will be available against which the deductible temporary differences can be utilised.

\* Other temporary difference made up of provision for slow-moving inventories, unutilised leaves, impairment loss on trade receivables, unrealised loss on foreign exchange arising from trade receivables.

28. **EARNINGS/(LOSS) PER ORDINARY SHARE**

(a) Basic EPS

Basic earnings/(loss) per ordinary share for the financial period/year is calculated by dividing the profit/(loss) after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

28. **EARNINGS/(LOSS) PER ORDINARY SHARE (CONT'D)**

(a) Basic EPS (Cont'd)

	Group	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
<b>Basic earnings/(loss) per share:</b>		
Profit/(Loss) after tax attributable to Owners of the Company	<u>1,384</u>	<u>(21,736)</u>
Weighted average number of ordinary shares in issue units	<u>1,063,397</u>	<u>801,900</u>
Basic earnings/(loss) per share (sen)	<u>0.13</u>	<u>(2.71)</u>

(b) Diluted EPS

The Group has no dilution in its earnings/(loss) per ordinary share as there were no potential dilutive ordinary shares outstandings as at 30 June 2023 and 31 December 2021 respectively.

29. **EMPLOYEE BENEFIT EXPENSES**

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Salaries and allowances				
- Directors	841	838	-	84
- Other employees	5,314	5,661	-	-
	6,155	6,499	-	84
Employer's contribution to provident fund				
- Directors	81	88	-	-
- Other employees	563	530	-	-
	644	618	-	-
Other staff costs				
- Directors	179	87	176	-
- Other employees	582	642	-	-
	761	729	176	-
	<u>7,560</u>	<u>7,846</u>	<u>176</u>	<u>84</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

30. **COMMITMENTS**

(a) *Operating Lease Commitments*

The Group and the Company has entered into commercial leases on two premises. These leases have an average tenure of one to two years with renewal option or contingent rent provision included in the contracts. The Group and the Company is restricted from subleasing the leased premises to third parties.

Future minimum rental receivables under non-cancellable operating leases at the reporting date are as follows:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
Not later than 1 year	902	-
Later than 1 year but not later than 5 years	153	-
	<u>1,055</u>	<u>-</u>

Future minimum rental payables under non-cancellable operating leases at the reporting date are as follows:

	<b>Group</b>	
	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.1.2021 to 31.12.2021 RM'000</b>
Not later than 1 year	<u>57</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

31. **SIGNIFICANT RELATED PARTY TRANSACTIONS**

(a) *Related Party Transaction*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2022</b>	<b>1.1.2021</b>	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income received from:				
- Subsidiary companies	-	-	1,961	451
Interest expense paid to:				
- Directors'	45	627	-	619
- Subsidiary companies	-	-	137	232
Short-term lease equipment paid to:				
- Directors' related company	265	109	-	-

(b) *Key Management Personnel Compensation*

Key management personnel of the Group and of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The key management personnel comprise all the directors of the Company and its subsidiaries, as well as certain senior management personnel of the Group and of the Company. Key management personnel compensation is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2022</b>	<b>1.1.2021</b>	<b>1.1.2022</b>	<b>1.1.2021</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>31.12.2021</b>	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits	1,021	840	176	84
Post-employment benefits	81	88	-	-
	<u>1,102</u>	<u>928</u>	<u>176</u>	<u>84</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

32. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	30.6.2023 RM'000	31.12.2021 RM'000	30.6.2023 RM'000	31.12.2021 RM'000
<b>Financial assets</b>				
<u>Amortised cost</u>				
Trade receivables	-	5,484	-	-
Other receivables	16,684	5,380	3,846	-
Fixed deposits with licensed bank	2,404	6,757	-	-
Cash and bank balances	3,362	2,141	2,573	5
	<u>22,450</u>	<u>19,762</u>	<u>6,419</u>	<u>5</u>
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade payables	941	9,794	-	-
Other payables	2,868	14,901	776	488
Amount due to directors	4,290	10,875	7	10,659
Amount due to related company	2,662	-	-	-
Amount due to subsidiaries	-	-	1,562	2,345
Loans and borrowings	16,731	28,207	-	-
Lease liabilities	13,998	3	-	-
	<u>41,490</u>	<u>63,780</u>	<u>2,345</u>	<u>13,492</u>

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk (including currency risk and interest rate risk) credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken for hedging and speculative purposes.

The following sections provide the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(a) *Market Risk (Cont'd)*

(i) **Currency Risk**

The Group has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currencies of the Company, in particular the United States Dollar (“USD”), Singapore Dollar (“SGD”) and Euro Dollar (“EUR”). The Group also holds cash and cash equivalents denominated in foreign currencies to pay its foreign purchases as a natural hedge against fluctuates in foreign currency risk. Exposure to foreign currency risk is monitored on an ongoing basis by the Company to ensure that the net exposure is at an acceptable level.

*Sensitivity Analysis for Foreign Currency Risk*

The following table demonstrates the sensitivity of the Group and the Company’s loss after tax to a reasonably possible change in the USD, SGD and EUR exchange rate against the functional currencies of the Company and its subsidiaries, with all other variables including tax rate being held constant.

	<b>30.6.2023</b>	<b>31.12.2021</b>
	<b>Loss after tax</b>	<b>Loss after tax</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
USD against RM		
- Strengthened 12% (2021: 5%)	284	239
- Weakened 12% (2021: 5%)	<u>(284)</u>	<u>(239)</u>
SGD against RM		
- Strengthened 11% (2021: 5%)	22	36
- Weakened 11% (2021: 5%)	<u>(22)</u>	<u>(36)</u>
EUR against RM		
- Strengthened 7% (2021: 5%)	1	6
- Weakened 7% (2021: 5%)	<u>(1)</u>	<u>(6)</u>

(ii) **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group and the Company financial instruments will fluctuate because of changes in market interest rates. The Group and the Company exposure to interest rate risk arises primarily from their interest-bearing bank borrowing.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(a) *Market Risk (Cont'd)*

(ii) Interest Rate Risk (Cont'd)

*Sensitivity Analysis for Interest Rate Risk*

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated in Ringgit Malaysia ("RM"). If the RM interest rates increase/decrease by 100 basis point ("b.p.") (31.12.2021: 100 b.p.) for the Group with all other variables including tax rate being held constant, the profit after tax will be lower/higher by RM145,000 (31.12.2021: RM127,000) for the Group as a result of higher/lower interest expense on these borrowings.

(b) *Credit Risk*

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligations. The Group and the Company's exposures to credit risk arise primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group trades with all third parties but will only provide credit terms upon approval of management. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

*Exposure to Credit Risk*

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by the carrying value of each class of financial assets recognised in the statements of financial position.

*Credit Risk Concentration Profile*

The Group and the Company determine concentrations of credit risk by monitoring the country and type of trade receivables based on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) *Credit Risk (Cont'd)*

The Group and the Company determine concentrations of credit risk by monitoring the country and type of trade receivables based on an ongoing basis. (Cont'd)

	<b>Group</b>			
	<b>30.6.2023</b>		<b>31.12.2021</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<u>By geographical areas</u>				
India	43	1	38	-
Kenya	3	-	3	-
Qatar	3	-	3	-
Malaysia	2,861	59	8,264	98
United States of America	1,674	35	1,645	-
Singapore	245	5	255	2
	<u>4,829</u>		<u>10,208</u>	
	<b>30.6.2023</b>		<b>31.12.2021</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
<u>By types of customers</u>				
Third parties	4,829	100	10,208	100
	<u>4,829</u>		<u>10,208</u>	

*Recognition and Measurement of Impairment Loss*

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's and the Company's debt recovery is as follows:

- (a) Above 90 days past due, the management will start to initiate a debt recovery process which is monitored by the sales management team; and
- (b) Above 365 days past due, the management will take necessary action including collection arrangement.

The Group and the Company use an allowance matrix to measure ECLs of trade receivables for all. Consistent with the debt recovery process, invoice which are past due 365 days will be considered as credit impaired.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

Loss rates are calculated using an allowance matrix to measure ECLs who are having dispute with the trade receivables for trading and construction customers. Invoices which are past due more than 365 days will be considered as credit impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023 which are grouped together as they are expected to have similar risk nature.

*Recognition and Measurement of Impairment Loss (Cont'd)*

Group	ECL Rate	Gross carrying		Net balance
		amount	Loss allowance	
	%	RM'000	RM'000	RM'000
<b>30.6.2023</b>				
Current (not past due)	-	-	-	-
1 - 30 days past due	-	-	-	-
31 - 60 days past due	-	-	-	-
61 - 120 days past due	-	-	-	-
More than 121 days past due	-	-	-	-
		-	-	-
<b>Credit impaired</b>				
More than 90 days past due	100%	4,829	(4,829)	-
<b>Trade receivables</b>		<b>4,829</b>	<b>(4,829)</b>	<b>-</b>
Group	ECL Rate	Gross carrying		Net balance
		amount	Loss allowance	
	%	RM'000	RM'000	RM'000
<b>31.12.2021</b>				
Current (not past due)	-	599	(2)	597
1 - 30 days past due	-	164	(108)	56
31 - 60 days past due	-	464	(353)	111
61 - 90 days past due	-	31	(31)	-
		1,258	(494)	764
<b>Credit impaired</b>				
More than 90 days past due	47%	8,950	(4,230)	4,720
<b>Trade receivables</b>		<b>10,208</b>	<b>(4,724)</b>	<b>5,484</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*Recognition and Measurement of Impairment Loss (Cont'd)*

Receivables that are Neither Past Due nor Impaired

**Property Development Segment**

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

**Manufacturing and Trading Segment**

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group. None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Receivables that are Past Due but not Impaired

**Property Development Segment**

Trade receivables that are past due but not impaired are secured in nature. The directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

**Manufacturing and Trading Segment**

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable which are not past due for more than 180 days (31.12.2021: 180 days). These relate to a number of independent customers with slower repayment patterns, for whom there is no recent history of default. The Group does not hold any collateral or other credit enhancement over these balances.

Credit Impaired

**Manufacturing and Trading Segment**

Trade receivables that are individually or collectively determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which are past due more than 365 days (31.12.2021: 365 days) from different customer profiles. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*Recognition and Measurement of Impairment Loss (Cont'd)*

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

<b>Group</b>	<b>ECL RM'000</b>	<b>Credit RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	4,801	-	4,801
Reversal of impairment losses of trade receivables	(1,235)	-	(1,235)
Impairment losses of trade receivables	1,158	-	1,158
At 31 December 2021 and 1 January 2022	4,724	-	4,724
Reversal of impairment losses of trade receivables	(714)	-	(714)
Impairment losses of trade receivables	819	-	819
At 30 June 2023	4,829	-	4,829

*Cash and Cash Equivalents*

The cash and cash equivalents are held with banks and financial institutions. As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. These banks and financial institutions have low credit credit risks. Hence, a loss allowance is not necessary.

*Inter-Company Loans and Advances*

*Risk Management Objectives, Policies and Processes for Managing the Risk*

The Group and the Company provides unsecured loans and advances to inter-companies. The Group and the Company monitor the ability of the inter-companies to repay the loans and advances on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*Exposure to Credit Risk, Credit Quality and Collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

*Recognition and Measurement of Impairment Loss*

Generally, the Group and the Company consider loans and advances to related companies have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related companies' loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the related companies are not able to pay when demanded. The Group and the Company consider a related company's loan or advance to be credit impaired when:

- The related company is unlikely to repay its loan or advance to the Company in full;
- The related company is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The movement in the allowance for impairment loss on amounts due from subsidiaries are as follows:

<b>Company</b>	<b>RM'000</b>
At 1 January 2021	2,124
Impairment losses of amount due from subsidiaries	1,733
At 31 December 2021 and 1 January 2022	<u>3,857</u>
Impairment losses of amount due from subsidiaries	13,195
At 30 June 2023	<u><u>17,052</u></u>

(c) *Liquidity Risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 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 credit facilities, if any.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(c) *Liquidity Risk (Cont'd)*

The objective of liquidity management is to ensure that the Group and the Company have sufficient funds to meet its contractual and financial obligations. The Group manages its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flow. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the support from directors or shareholders.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at reporting date based on contractual undiscounted payments.

	1 year or less RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group</b>				
<b><u>30.6.2023</u></b>				
<b><u>Financial Assets</u></b>				
Other receivables	16,684	-	-	16,684
Fixed deposits with licensed bank	2,404	-	-	2,404
Cash and cash balances	3,362	-	-	3,362
Total undiscounted financial assets	<u>22,450</u>	<u>-</u>	<u>-</u>	<u>22,450</u>
<b><u>Financial Liabilities</u></b>				
Trade payables	941	-	-	941
Other payables	2,868	-	-	2,868
Amount due to directors	4,290	-	-	4,290
Amount due to related companies	2,662	-	-	2,662
Loans and borrowings	9,882	4,479	4,427	18,788
Lease liabilities	5,305	10,168	-	15,473
Total undiscounted financial liabilities	<u>25,948</u>	<u>14,647</u>	<u>4,427</u>	<u>45,022</u>
Total net undiscounted financial liabilities	<u>(3,498)</u>	<u>(14,647)</u>	<u>(4,427)</u>	<u>(22,572)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(c) *Liquidity Risk (Cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at reporting date based on contractual undiscounted payments. (Cont'd)

	<b>1 year or less RM'000</b>	<b>1 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
<b><u>30.6.2023</u></b>				
<b><u>Financial Assets</u></b>				
Other receivable	3,847	-	-	3,847
Cash and bank balances	2,573	-	-	2,573
Total undiscounted financial assets	<u>6,420</u>	<u>-</u>	<u>-</u>	<u>6,420</u>
<b><u>Financial Liabilities</u></b>				
Other payables	776	-	-	776
Amount due to subsidiaries	1,562	-	-	1,562
Amount due to directors and former directors	7	-	-	7
Total undiscounted financial liabilities	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>2,345</u>
Total net undiscounted financial assets	<u><u>4,075</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>4,075</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(c) *Liquidity Risk (Cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at reporting date based on contractual undiscounted payments. (Cont'd)

	<b>1 year or less RM'000</b>	<b>1 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b><u>31.12.2021</u></b>				
<b><u>Financial Assets</u></b>				
Trade receivables	5,484	-	-	5,484
Other receivables	5,380	-	-	5,380
Fixed deposits with licensed bank	6,757	-	-	6,757
Cash and bank balances	2,141	-	-	2,141
Total undiscounted financial assets	<u>19,762</u>	<u>-</u>	<u>-</u>	<u>19,762</u>
<b><u>Financial Liabilities</u></b>				
Trade payables	9,794	-	-	9,794
Other payables	14,901	-	-	14,901
Amount due to directors and former directors	10,875	-	-	10,875
Loans and borrowings	20,848	5,511	3,745	30,104
Lease liabilities	3	-	-	3
Total undiscounted financial liabilities	<u>56,421</u>	<u>5,511</u>	<u>3,745</u>	<u>65,677</u>
Total net undiscounted financial liabilities	<u>(36,659)</u>	<u>(5,511)</u>	<u>(3,745)</u>	<u>(45,915)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(c) *Liquidity Risk (Cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at reporting date based on contractual undiscounted payments. (Cont'd)

	<b>1 year or less RM'000</b>	<b>1 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
<b><u>31.12.2021</u></b>				
<b><u>Financial Assets</u></b>				
Other receivables	6	-	-	6
Cash and cash equivalents	5	-	-	5
Total undiscounted financial assets	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>
<b><u>Financial Liabilities</u></b>				
Other payables	488	-	-	488
Amount due to directors	10,659	-	-	10,659
Amount due to subsidiaries	2,345	-	-	2,345
Total undiscounted financial liabilities	<u>13,492</u>	<u>-</u>	<u>-</u>	<u>13,492</u>
Total net undiscounted financial liabilities	<u>(13,481)</u>	<u>-</u>	<u>-</u>	<u>(13,481)</u>

34. **CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern and to maintain a capital structure so to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

34. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000	1.1.2022 to 30.6.2023 RM'000	1.1.2021 to 31.12.2021 RM'000
Trade payables	941	9,794	-	-
Other payables	2,868	14,901	776	488
Lease liabilities	13,998	3	-	-
Amount due to directors	4,290	10,875	7	10,659
Amount due to subsidiaries	-	-	1,562	2,345
Amount due to related companies	2,662	-	-	-
Bank borrowings	16,731	28,207	-	-
	<u>41,490</u>	<u>63,780</u>	<u>2,345</u>	<u>13,492</u>
Less: Fixed deposit with licensed banks	(2,404)	(6,757)	-	-
Less: Cash and cash equivalents	<u>(3,362)</u>	<u>(2,141)</u>	<u>(2,573)</u>	<u>(5)</u>
Net debts	<u>35,724</u>	<u>54,882</u>	<u>(228)</u>	<u>13,487</u>
Share capital	79,281	48,402	79,281	48,402
Fair value reserve	-	1,591	(33,324)	(14,333)
Revaluation reserve	13,780	-	-	-
Accumulated losses	(18,060)	(5,665)	(17,100)	(29,701)
Non-controlling interests	677	(789)	-	-
Total equity	<u>75,678</u>	<u>43,539</u>	<u>28,857</u>	<u>4,368</u>
Total capital	<u>111,402</u>	<u>98,421</u>	<u>28,629</u>	<u>17,855</u>
Gearing ratio	<u>0.32</u>	<u>0.56</u>	<u>N/A</u>	<u>0.76</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

35. **FAIR VALUE OF ASSETS AND LIABILITIES**

(a) *Fair Value of Financial Instruments that are Carried at Fair Value*

The table below analyses assets and liabilities carried at fair value shown in the statements of financial position:

	<b>Company</b>	
	<b>Carrying amount RM'000</b>	<b>Fair value Level 3 RM'000</b>
<b>30.6.2023</b>		
<b>Assets</b>		
Other investment	-	-
<b>31.12.2021</b>		
<b>Assets</b>		
Other investment	18,991	18,991

Level 3: The fair value of other investment (unquoted RCPS) is based on the adjusted net assets method.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instruments other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

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

The carrying amounts of long-term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

(c) *Fair Value of Financial Instruments by Classes that are not Carried at Fair Value and whose Carrying Amounts are Reasonable Approximation of Fair Value.*

Trade and Other Receivables, Cash and Bank Balances, Bank Borrowings, Trade and Other Payables.

The carrying amount of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature of that they are floating rate instruments that are re-priced at market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

36. SEGMENT INFORMATION

**30.06.2023**

**Revenue:**

Sales to external customers

- Local

- Export

Total Revenue

Segment loss before tax

**Included in the measure of segment loss are:**

Depreciation of property, plant and equipment

Interest income

Bad debt recovered

Gain on disposal of property, plant and equipment

Gain on disposal of investment of subsidiaries

Interest expense

Loss on cash in hand

Impairment loss on:

- Amount due from subsidiaries

- Investment in subsidiaries

- Trade receivables

- Other receivables

Loss/(Gain) on foreign exchange - unrealised

Balance carried forward

	Property Development RM'000	Manufacturing and Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
	9,925	214,636	-	224,561	(1,213)	223,348
	-	2,550	-	2,550	-	2,550
	9,925	217,186	-	227,111	(1,213)	225,898
	(44,282)	(8,634)	(3,665)	(56,581)	44,202	(12,379)
	13,774	1,939	5	1,944	14	1,958
	(102)	(372)	1,961	1,589	(1,760)	(171)
	-	(6)	-	(6)	-	(6)
	-	(9,415)	-	(9,415)	-	(9,415)
	-	(17)	500	483	(28,257)	(27,291)
	-	(334)	3,005	2,671	3,552	6,236
	4	(5)	-	(5)	14	9
	-	4,209	13,194	17,403	(17,403)	-
	-	2,169	-	2,169	(2,169)	-
	27,642	1,142	-	1,142	(323)	819
	14,111	135	-	135	1	136
	11,147	(9,189)	15,000	(38,471)	(27)	(27)
					(2,156)	(40,131)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

36. SEGMENT INFORMATION (CONT'D)

	Property Development RM'000	Manufacturing and Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b>31.12.2021</b>						
<b>Revenue:</b>						
Sales to external customers						
- Local	(10,132)	86,627	-	76,495	-	76,495
- Export	-	2,886	-	2,886	-	2,886
Total Revenue	(10,132)	89,513	-	79,381	-	79,381
Segment loss before tax	(12,623)	(16,435)	(14,873)	(43,931)	21,945	(21,986)
<b>Included in the measure of segment loss are:</b>						
Depreciation of property, plant and equipment	10	1,688	4	1,702	-	1,702
Forfeiture of deposits received	-	(118)	-	(118)	-	(118)
Interest income	(64)	(286)	(451)	(801)	686	(115)
Late payment interest income	(38)	-	-	(38)	-	(38)
Interest expenses	46	1,747	869	2,662	(686)	1,976
Impairment loss on:	-	-	-	-	-	-
- Amount due from immediate holding company	-	2,307	-	2,307	(2,307)	-
- Amount due from fellow subsidiaries	-	5,909	-	5,909	(5,909)	-
- Amount due from subsidiaries	-	-	1,733	1,733	(1,733)	-
- Cost of investment of subsidiaries	-	-	12,022	12,022	(12,022)	-
- Other receivables	-	64	-	64	-	64
Balance carried forward	(12,669)	(5,124)	(696)	(18,489)	(26)	(18,515)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

36. SEGMENT INFORMATION (CONT'D)

	Development RM'000	Manufacturing and Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b>31.12.2021 (Cont'd)</b>						
<b>Included in the measure of segment loss are: (Cont'd)</b>						
Balance brought forward	(12,669)	(5,124)	(696)	(18,489)	(26)	(18,515)
Loss/(gain) on foreign exchange, net	-	-	-	-	-	-
- Realised	-	57	-	57	-	57
- Unrealised	-	(29)	-	(29)	-	(29)
Provision for litigation	1,032	-	-	1,032	-	1,032
Provision for slow-moving inventories	-	349	-	349	-	349
Reversal of impairment loss on:	-	-	-	-	-	-
- Amount due from immediate holding company	-	(26)	-	(26)	26	-
- Trade receivables	-	(77)	-	(77)	-	(77)
- Other receivables	-	(467)	-	(467)	-	(467)
Writeback of other payables	-	(136)	(10)	(146)	-	(146)
	<u>(24,306)</u>	<u>(10,577)</u>	<u>(1,402)</u>	<u>(65,217)</u>	<u>2,281</u>	<u>(40,629)</u>
Segment assets	<u>45,575</u>	<u>64,458</u>	<u>34,130</u>	<u>144,163</u>	<u>(34,774)</u>	<u>109,389</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

### 36. SEGMENT INFORMATION (CONT'D)

#### (a) Reporting Format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following three (3) operating segments:

- i. Property development;
- ii. Manufacturing and trading of furniture, trading of steel; and
- iii. Others made up of investment holding and dormant companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

#### Segment Revenue and Results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment Assets

Segment assets are measured based on all assets of the segment.

#### Segment Liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Operating Decision Maker. Hence, no disclosure is made on segment liabilities.

#### (b) Allocation Basis and Transfers

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

37. **CONTINGENT LIABILITIES**

	<b>Group</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured:</b>		
Corporate guarantee granted to main contractor's suppliers for extension of credit	<u>2,446</u>	<u>3,665</u>
	<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial guarantee granted to licensed banks in respect of banking facilities held by subsidiaries	13,468	23,507
Corporate guarantees granted to main contractors' suppliers for extension of credit	<u>-</u>	<u>1,450</u>
	<u>13,468</u>	<u>24,957</u>

- (a) Kuala Lumpur Sessions Court (“Sessions Court”) Case No. WA-22NCC-137-03/2021 (previously known as WA-B52NCC-41-01/2021). M South Marketing Sdn. Bhd. (“M South”) v All Ways Builder Sdn. Bhd. (“All Ways” or “1st Defendant”) and Euro Holdings Berhad (“EHB” or “2nd Defendant”).

EHB had been served with a Writ and Statement of Claim both dated 20 January 2021, by M South wherein M South alleged that M South had supplied goods to All Ways and EHB had guaranteed the payment for the goods supplied to All Ways. M South had claimed for, amongst others, a total principal sum of RM315,880.27, late payment interest of RM121,076.52 as at 31 December 2020 and interest on the principal sum at the rate of 1.5% per annum from 1 January 2021 until full settlement.

EHB had filed the Statement of Defence and Counterclaim on 1 March 2021 to counter claim against M South for conspiracy to defraud and M South had filed the Reply to Defence and Counterclaim on 12 March 2021.

The matter has been consolidated with *WA-22NCC-246-06/2020* and *WA-22NCC-632-12/2020* (previously known as *BAB52NCC-133-07/2020*) as disclosed in Note 37(b) respectively. The next case management falls on 24 May 2022.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that EHB has a fair chance in this case but subject always to the documentary and witnesses’ oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

The matter has been consolidated with *WA-22NCC-246-06/2020* and *WA-22NCC-137-03/2021* (previously known as *WA-B52NCC-41-01/2021*) as disclosed in Note 37(b) respectively. The next case management falls on 24 November 2023 for continued trial.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2023 (cont'd)

37. **CONTINGENT LIABILITIES (CONT'D)**

- (b) Kuala Lumpur High Court (“High Court”) Case No. WA-22NCC-632-12/2020 (previously known as BAB52NCC-133-07/2020). ADY Marketing Sdn. Bhd. (“ADY”) v. All Ways Builder Sdn. Bhd. (“All Ways” or “1st Defendant”), Euro Holdings Berhad (“EHB” or “2nd Defendant”), Wong Kin Sing (“3rd Defendant”) and Chia Chiw Hoon (“4th Defendant”)

EHB had been served with a sealed Writ dated 1 July 2020 and a sealed amended Statement of Claim dated 6 July 2020 for, amongst others, a principal sum of RM493,634.03 and late payment interest of RM137,746.74 owing and accumulated by All Ways where EHB acts as guarantor for full repayment of the overdue debt owing by All Ways to ADY.

EHB had subsequently on 14 August 2020 filed the Statement of Defence and Counterclaim dated 14 August 2020, wherein EHB had counterclaimed against ADY for, inter alia, the following:

- (i) a declaration that ADY had conspired with the conspirators vide unlawful means to cheat and/or to deceive EHB which caused EHB to suffer losses.
- (ii) a declaration that ADY had conspired with the conspirators with the intention or purpose to injure and/ or affect EHB and/or to cause EHB to suffer losses; and
- (iii) damages to be assessed by the Court for the losses suffered by EHB based on conspiracy actions of ADY and the conspirators against EHB.

ADY had on 27 August 2020 filed the Reply and Defence to the Counterclaim dated 27 August 2020. ADY filed a Notice of Application for Summary Judgement against the Defendants on 27 August 2020 and the Application for Summary Judgement had been dismissed on 3 November 2020.

The matter has been consolidated with *WA-22NCC-246-06/2020* and *WA-22NCC-137-03/2021* (previously known as *WA-B52NCC-41-01/2021*) as disclosed in Note 37(b) respectively. The next case management falls on 24 November 2023 for continued trial.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that EHB has a fair chance in this case but subject always to the witnesses’ oral evidence during trial. Hence, the possibility of an outflow in settlement is relatively uncertain.

38. **COMPARATIVE FIGURES**

The financial statements for the current financial period covered the period from 1 January 2022 to 30 June 2023.

The financial statements for the preceding financial year covered the period from 1 January 2021 to 31 December 2021.

## ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

### SHARE CAPITAL

<b>TOTAL NUMBER OF ISSUED SHARES</b>	:	1,283,872,100 ordinary shares
<b>CLASS OF SHARES</b>	:	Ordinary Share
<b>VOTING RIGHTS</b>	:	One vote per Ordinary Share
<b>NUMBER OF SHAREHOLDERS</b>	:	7,776

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Holders	% of Holders	No. of Shares Held	% of Share Held
1 – 99	7	0.09	114	0.00
100 - 1,000	1,438	18.49	1,125,901	0.09
1,001 - 10,000	2,843	36.56	15,858,415	1.24
10,001 - 100,000	2,782	35.78	105,948,270	8.25
100,001 to less than 5% of shares	704	9.05	549,040,300	42.76
5% and above of issued shares	2	0.02	611,899,100	47.66
<b>Total</b>	<b>7,776</b>	<b>100</b>	<b>1,283,872,100</b>	<b>100</b>

### DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

No.	Name of Director	Direct Interest	No. of Shares Held		%
			%	Indirect Interest	
1.	Dato' Sri Lim Teck Boon	1,783,500	0.139	607,559,200	47.322
2.	Datuk Lim Sze Way	-	-	-	-
3.	Tan Poh Ling	-	-	-	-
4.	Lt Gen (R) Dato' Sri Sabri bin Adam	-	-	-	-
5.	Chua Yeow Fatt	-	-	-	-
6.	Datuk Azmi Bin Hussain	-	-	-	-
7.	Yip Kit Weng	-	-	-	-

### SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows:-

No.	Name of Director	Direct Interest	No. of Shares Held		%
			%	Indirect Interest	
1.	Dato' Sri Lim Teck Boon	1,783,500	0.139	607,559,200*	47.322
2.	Dato' Lim Chaw Teng	-	-	607,559,200*	47.322
3.	S.P.A. Furniture (M) Sdn. Bhd.	607,559,200	47.322	-	-

\*Deem interested due to his shares held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

## Analysis of Shareholdings

### As at 29 September 2023 (cont'd)

#### THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for S.P.A Furniture (M) Sdn. Bhd.	386,402,000	30.10
2	S.P.A Furniture (M) Sdn. Bhd.	225,497,100	17.56
3	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for JC Machinery Industry Sdn. Bhd.	44,905,000	3.50
4	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Tsui Mei (M04)	38,000,000	2.96
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Fook Lin (M04)	37,905,000	2.95
6	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Perfect Hexagon Commodity & Investment Bank Limited (ED)	37,000,000	2.88
7	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Zhong Yong	16,888,800	1.32
8	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Fook Lin	16,133,000	1.26
9	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Tsui Mei	16,133,000	1.26
10	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Hup Hai	16,133,000	1.26
11	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Poh Boon	16,133,000	1.26
12	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Poh Hwee	16,133,000	1.26
13	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ocean East Vision Sdn. Bhd.	10,000,000	0.78
14	Lee Siew Kim	9,460,400	0.74
15	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oriental Southern Dragon Sdn. Bhd.	9,000,000	0.70
16	Chin Chin Seong	8,000,000	0.62
17	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teoh Ching Wan	3,595,000	0.28
18	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Chiew Eng @ Ng Chiew Ming (MY3087)	3,500,000	0.27
19	Lim Lay Ching	3,350,000	0.26
20	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Poh Boon (E-JAH)	3,350,000	0.26
21	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Yew Hock (PB)	3,300,000	0.26
22	Wu.ShaoLing	2,710,000	0.21
23	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Dai Ying (M&A)	2,680,000	0.21
24	Chan Kong Yew	2,404,700	0.19
25	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Kong Yew	2,374,600	0.18
26	Ang Chye Thiam	2,251,300	0.18
27	Premier Seas Sdn. Bhd.	2,035,000	0.16
28	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Eric Tan Chwee Kuang	2,000,000	0.16
29	SJ Sec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sahari Bin Abu Bakar (SMT)	2,000,000	0.16
30	Kok Woei Horng	1,900,000	0.15
	<b>TOTAL</b>	<b>941,173,900</b>	<b>73.31</b>

## GROUP PROPERTIES

Registered/ Beneficial Owner	Location	Description/ Existing use	Land area (sq. ft.)	Built-up area (sq. ft.)	Approximate age of building/ Tenur	Net book value as at 30 Jun 2023 (RM'000)	Year of acquisition/ construction/ revaluation
ECM	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Industrial land with factory and office building erected thereon	87,123	91,385	25 years/ Freehold	20,000	1996 2004# 2023*
	Bearing postal address: Lot 21, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan						
ESI	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Industrial land with factory buildings erected thereon	210,101	108,116 149,406	15 years/ Freehold 11 years / Freehold	27,279	2006 2010
	Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan						

\* Revalued

# The building was constructed in 1996 whereas the land was acquired in 2004.

# NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth (“19<sup>th</sup>”) Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual basis through live streaming via Remote Participation and Voting (“RPV”) Facilities via the online meeting platform at <https://web.vote2u.my> (Domain Registration Numbers with MYNIC D6A471702) provided by Agmo Digital Solutions Sdn Bhd on Tuesday, 5 December 2023 at 10.00 a.m. or at any adjournment thereof for the transaction of the following businesses:

## AGENDA

### As Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial period ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.  | <i>(Please refer to Explanatory Note 1 on Ordinary Business)</i><br><i>Ordinary Resolution 1</i> |
| 2. | To re-elect Dato’ Sri Lim Teck Boon who shall retire by rotation pursuant to Clause 105(1) of the Company’s Constitution and being eligible, has offered himself for re-election.   |  |
| 3. | To re-elect the following Directors who retire in accordance with Clause 114 of the Company’s Constitution and being eligible, have offered themselves for re-election: <ul style="list-style-type: none"> <li>a) Chua Yeow Fatt</li> <li>b) Datuk Azmi bin Hussain</li> <li>c) Yip Kit Weng</li> </ul> | <i>Ordinary Resolution 2</i><br><i>Ordinary Resolution 3</i><br><i>Ordinary Resolution 4</i>     |
| 4. | To approve and ratify the additional Directors’ Fees amounting to RM83,548, which was in excess of the earlier approved amount of RM90,000 for the period which commencing from 3 June 2022 until the conclusion of 19 <sup>th</sup> AGM of the Company.  | <i>Ordinary Resolution 5</i>   |
| 5. | To approve the Directors’ fees amounting to RM240,000 to the Non-Executive Directors of the Company from the conclusion of the 19 <sup>th</sup> AGM of the Company until the conclusion of the next AGM of the Company in the year 2024.  | <i>Ordinary Resolution 6</i>   |
| 6. | To approve the payment of Directors’ meeting allowances of RM500 per meeting for each Director with effect from the conclusion of the 19 <sup>th</sup> AGM of the Company until the next AGM of the Company in the year 2024.   | <i>Ordinary Resolution 7</i>   |
| 7. | To re-appoint Messrs. ChengCo PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.   | <i>Ordinary Resolution 8</i>   |

### As Special Business

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

- |    |  |                              |
|----|--|------------------------------|
| 8. | <b>AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b> | <i>Ordinary Resolution 9</i> |
|----|--|------------------------------|

“THAT approval be and is hereby given to waive the statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 (“the Act”) read together with Clause 61 of the Company’s Constitution.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad (“Bursa Securities”) allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

Notice of Nineteenth Annual General Meeting  
(cont'd)

**9. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

*Ordinary Resolution 10*

"THAT subject to the provisions of the Main Market Listing Requirements ("MMLR") of Bursa Securities, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate of the Company and/or its subsidiaries ("Euro Group") to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the related parties as specified in the Circular to Shareholders dated 31 October 2023 provided that such transactions are:-

- a) Undertake in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public;
- b) Necessary for the day-to-day operations; and
- c) Not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

- a) The conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said AGM; or
- b) The expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) Revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Directors of the Company be hereby authorised to 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 Renewal of Shareholders' Mandate."

**10. PROPOSED SHARE BUY-BACK OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY AT ANY GIVEN POINT IN TIME ("PROPOSED SHARE BUY-BACK")**

*Ordinary Resolution 11*

"THAT subject to the Act, provisions of the Company's Constitution, the MMLR of Bursa Securities and the approvals of all relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase such number of ordinary shares in Euro on the Main Market of Bursa Securities and/ or hold from upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- i) The aggregate number of ordinary shares in the Company purchased ("Purchased Share(s)") and/or held as treasury shares pursuant to this ordinary resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- ii) The maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained earnings of the Company at the time of the purchase;

THAT upon purchase by the Company, the Board of Directors of Euro shall have the absolute discretion to decide whether such Purchased Shares are to be cancelled and/ or retained as treasury shares, or dealt with in such manner as provided under Section 127(7) of the Act;

## Notice of Nineteenth Annual General Meeting (cont'd)

THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

- i) the conclusion of the AGM of the Company at which time the authority shall lapse unless by an ordinary resolution passed at the AGM, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

Whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Euro Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the Act, rules and regulations made pursuant to the Act, the MMLR and any requirements issued by any other relevant government and/or regulatory authorities;

AND THAT the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.”

### 11. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY (“PROPOSED AMENDMENTS”)

“THAT proposed amendments to the Constitution of the Company as set out in Appendix A, which is circulated together with the Notice of 19<sup>th</sup> AGM dated 31 October 2023, be approved and adopted AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said Proposed Amendment for and on behalf of the Company.”

*Special Resolution 1*

12. To transact any other business of the Company of which due notice shall have been given in accordance with the Company’s Constitution and the Act.

### BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482/ SSM PC No. 202208000250)  
 THIEN LEE MEE (LS0010621/ SSM PC No. 201908002254)  
 Company Secretaries  
 Date: 31 October 2023

### NOTES:

1. A member entitled to participate and vote at this virtual meeting is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the virtual Meeting shall have the same rights as the member to speak at the virtual Meeting.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

## Notice of Nineteenth Annual General Meeting (cont'd)

4. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), 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. For the purpose of determining a member who shall be entitled to participate the virtual 19<sup>th</sup> AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 27 November 2023. Only a depositor whose name appears on the Record of the Depositor as at 27 November 2023 shall be entitled to participate the virtual meeting or appoint proxies to participate and/or vote on his/her behalf.
6. The instrument appointing a proxy duly completed and signed must be deposited at the share registrar office of the Company, Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman/Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 19<sup>th</sup> AGM. Please refer to the Administrative Guide for the 19<sup>th</sup> AGM for further details. The said Administrative Guide is available for download from the announcement on the 19<sup>th</sup> AGM from the website of Bursa Malaysia Securities Berhad.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

### **Explanatory Notes to Ordinary Business and Special Business:**

#### **1. Item 1 of the Agenda**

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provides that the audited financial statements are to be laid in the general meeting and do not require formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

#### **2. Ordinary Resolution 1 – Re-election of Director pursuant to Clause 105 (1) of the Company's Constitution**

Clause 105(1) of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Dato' Sri Lim Teck Boon has offered himself for re-election. For the purpose of determining the eligibility of the Director to stand for re-election at the 19<sup>th</sup> AGM, the Nomination Committee ("NC") has considered and recommended Dato' Sri Lim Teck Boon for re-election by rotation pursuant to Clause 105(1) of the Company's Constitution.

#### **3. Ordinary Resolutions 2 to 4 - Re-election of Directors pursuant to Clause 114 of the Company's Constitution**

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr. Chua Yeow Fatt, Datuk Azmi Bin Hussain and Mr. Yip Kit Weng were appointed as the Independent Non-Executive Directors of the Company on 3 June 2022, 11 May 2023 and 14 July 2023 respectively.

Mr. Chua Yeow Fatt, Datuk Azmi Bin Hussain and Mr. Yip Kit Weng are standing for re-election as Directors of the Company pursuant to Clause 114 of the Company's Constitution, being eligible and have offered themselves re-election. The NC has considered and recommended Mr. Chua Yeow Fatt, Datuk Azmi Bin Hussain and Mr. Yip Kit Weng for re-election pursuant to Clause 114 of the Company's Constitution.

## Notice of Nineteenth Annual General Meeting (cont'd)

### **4. Ordinary Resolution 5 – Additional Payment of Directors' Fees**

At the 18<sup>th</sup> AGM of the Company held on 3 June 2022, the shareholders of the Company approved RM90,000.00 as a total Directors' Fees payable to the Non-Executive Directors of the Company for the period commencing from the conclusion of the 18<sup>th</sup> AGM until the conclusion of the next AGM of the Company in the year 2023.

The total Directors' Fees incurred amounted to RM173,548. The request for the additional amount of RM83,548 in excess of RM90,000 is required due to the Company incurred additional Directors' Fees and benefits payable resulting from the additional directors appointed during the financial period.

### **5. Ordinary Resolutions 6 & 7 – Payment of Directors' Fees and Directors' Meeting allowances**

Section 230(1) of the Act provides that the fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

In determining the estimated total amount of Directors' Meeting Allowance, the Board has considered various factors, among others, the estimated claimable Directors' Meeting Allowance and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 19<sup>th</sup> AGM until the next AGM of the Company.

In the event that the proposed amount is insufficient (e.g., due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

### **6. Ordinary Resolution 8 - Re-appointment of Auditors**

The Board, through the Audit Committee, had reviewed and was satisfied with the performance and independence of Messrs. ChengCo PLT ("ChengCo") during the financial period under review. The Board has therefore recommended the re-appointment of ChengCo as external auditors of the Company for the financial year ending 30 June 2024.

### **7. Special Business: Ordinary Resolution 9 - Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 9, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The 10% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

As at the date of this Notice, the Company had allotted 80,000,000 ordinary shares via Private Placement under the General Mandate which was approved by the shareholders at the 18<sup>th</sup> AGM of the Company held on 3 June 2022. The total proceeds of RM9,680,000 was raised from the Private Placement. The details and status of the utilisation of proceeds raised from the Private Placement set out in the additional compliance information of the Annual Report 2023.

### **8. Special Business: Ordinary Resolution 10 - Proposed Renewal of Shareholders' Mandate**

The proposed Ordinary Resolution 10, if passed, will provide a renewal mandate for Euro Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business based on commercial terms which are not more favourable to the related parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

For further information on this resolution, please refer to the Circular to Shareholders dated 31 October 2023.

## Notice of Nineteenth Annual General Meeting (cont'd)

### **9. Special Business: Ordinary Resolution 11 - Proposed Share Buy-Back**

This proposed Ordinary Resolution 11, if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next AGM of the Company.

For further information on this resolution, please refer to the Circular to Shareholders dated 31 October 2023.

### **10. Special Business: Special Resolution 1 - Proposed Amendments**

The Proposed Amendments to the Constitution of the Company are primarily to provide further clarity on certain terms of the Constitution and provide more flexibility for the Company and to ensure compliance with the Act, MMLR of Bursa Securities, The Proposed Amendments to be made to the Constitution are listed as per Appendix A, which is circulated together with the Notice of 19<sup>th</sup> AGM dated 31 October 2023.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

1. No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as a director, save for the above Directors who are standing for re-election at the forthcoming 19<sup>th</sup> AGM of the Company.
2. The detailed information relating to the general mandate for the issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities is set out under Explanatory Notes on Special Business for Ordinary Resolution 9 of the Notice of the 19<sup>th</sup> AGM of the Company.

## APPENDIX A

### Proposed Amendments to the Constitution of the Company

The existing Constitution is to be amended by way of alterations, modifications, deletions and/or additions, where necessary, to reflect the proposed amendments thereto. The affected provisions of the existing Clauses are reproduced below with the proposed amendments highlighted alongside the respective Clauses:

Clause No.	Existing Clause	Clause No.	Proposed Clause
21.	Subject to the Listing Requirement, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	21.	Subject to the Listing Requirements and without limiting the generality of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares except where the shares or securities are issued with the prior shareholders' approval in a general meeting of the precise terms and conditions of the issue.
62.	<p>The Company may alter its share capital by passing a special resolution to:</p> <p>(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;</p> <p>(b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;</p> <p>(c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or</p> <p>(d) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its shares capital by the amount of the shares so cancelled.</p>	62.	<p>The Company may alter its share capital by passing an <b>ordinary</b> resolution to:</p> <p>(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;</p> <p>(b) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or</p> <p>(c) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its shares capital by the amount of the shares so cancelled.</p>

Appendix A  
(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
81.	A resolution in writing signed by all the members of the Company or their agents authorised in writing shall (except where a meeting is prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the members duly convened and held, and such resolution may consist of several documents in like form each signed by or on behalf of one or more members. In the case of a corporate body, which is a member of the Company, such resolution may be signed on its behalf by its authorized representative, duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolution on its behalf.	81.	A resolution in writing signed by the majority of the members of the Company or their agents authorised in writing shall (except where a meeting is prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the members duly convened and held, and such resolution may consist of several documents in like form each signed by or on behalf of one or more members. In the case of a corporate body, which is a member of the Company, such resolution may be signed on its behalf by its authorized representative, duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolution on its behalf.
100.	The instrument appointing a proxy and the power of attorney, or other authority (if any) under which it is signed, or a certified copy of such power or authority by a notary public shall be deposited at the Office or at such other place within Malaysia, as is specific for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.	100.	The instrument appointing a proxy and the power of attorney, or other authority (if any) under which it is signed, or a certified copy of such power or authority by a notary public shall be deposited at the Office or at such other place within Malaysia <b><u>or by way of electronic means or in such other manner</u></b> , as is specific for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority.
190.	(1) A notice or other document may also be served by the Company or the Secretary on any Director or securities holder in hard copy, in electronic form or partly in hard copy and partly in electronic form. Notices given in hard copy shall be sent to the Director or securities holder personally or by post to the address supplied by the Director or securities holder for such purpose, or if given in electronic form, transmitting to the electronic address provided by the Director or securities holder for such purpose.	190.	(1) A notice or other document may also be served by the Company or the Secretary on any Director in hard copy, in electronic form or partly in hard copy and partly in electronic form. Notices given in hard copy shall be sent to the Director personally or by post to the address supplied by the Director for such purpose, or if given in electronic form, transmitting to the electronic address provided by the Director for such purpose.

## Appendix A

(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
	<p>(2) Any document, including but not limited to the Company's annual report, financial statements or circular required to be sent under the Listing Requirements to the securities holders may be circulated in electronic form, and sent via the following electronic means:-</p> <p>(a) be transmitting to the last known electronic mail address of the member or Director;</p> <p>(b) publishing the notice or document on the Company's website provided that a notification via hard copy or electronic mail to that effect is given in accordance with Section 320 of the Act and the Listing Requirements; or</p> <p>(c) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by members or Directors, provided that a notification via hard copy or electronic mail to that effect is given to the members or Directors.</p> <p>(3) A notice or other document if served by post shall be deemed to be served in the case of a member or Director having an address for service in Malaysia 2 days following that on which a properly stamped letter containing the same is posted within Malaysia and in the case of a member or Director having an address for service outside Malaysia 5 days following that on which the letter suitably stamped at airmail rates containing the same is posted within Malaysia. In proving service by post it shall be sufficient to prove that the letter containing the notice or document was properly addressed and stamped and put into a Government post office letter box.</p>		<p>(2) A notice or document:</p> <p>(i) served in hard copy shall be served either personally or by sending it through the post in a prepaid letter or wrapper addressed to such Member at his registered address entered in the Register of Members or Record of Depositors;</p> <p>(ii) publishing on a website of the Company provided that a notification of the publication of the notice or document on the website via hard copy or electronic mail or short messaging service has been given in accordance with the provision of the Act and the Listing Requirements; or</p> <p>(iii) using any other electronic communication platform maintained by the Company or third parties that can host the information in a secure manner for access by the Members provided that a notification of the publication or making available of the notice or document on such electronic communication platform via hard copy or electronic mail or short messaging service has been given to the Members accordingly.</p> <p>(3) The contact details of the Members as provided to the Depository shall be deemed as the last known registered address, mail address and contact number provided by the Members to the Company for purposes of communication with the Members.</p>

Appendix A  
(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
	<p>(4) A notice or other document if served by electronic means:-</p> <p>(a) pursuant to Clause 190.2(a), shall be deemed to have been served at the time of transmission to a member's electronic mail address, provided that there is a record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;</p> <p>(b) pursuant to Clause 190.2(b), shall be deemed to have been served 2 days from the date the notification of publication of the notice or other document on the Company's website is given to the members; or</p> <p>(c) pursuant to Clause 190.2(c), shall be deemed to have been served 2 days from the later of the time the notification of the making available of the notice and/or document on the relevant electronic platform is served or deemed served, as the case may be, and the time the notice or other document is first made available or accessible to members on the electronic platform.</p> <p>(5) In the event that service of a notice or other document pursuant to Clause 190.2 is unsuccessful, the Company must, within 2 market days of discovering the delivery failure, make alternative arrangements for service by serving the notice or document by hard copy in accordance with Clause 190.1.</p>		<p>(4) Any notice or document shall be deemed to be served by the Company to a Member:</p> <p>(i) where the notice or document is sent in hard copy if by post, on the day the prepaid letter, envelope or wrapper containing such notice or documents is posted. In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice or document was so addressed and posted to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and posted; or</p> <p>(ii) where the notice or document is sent by electronic means:</p> <ul style="list-style-type: none"> <li>- via electronic mail, at the time of transmission to a Member's electronic mail address, provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company;</li> <li>- via publication on the Company's website, on the date the notice or document is first made available on the Company's website, provided that the notification on the publication of notice or document on website has been given pursuant to this Clause; or</li> <li>- via electronic communication platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided the notification on the publication or making available of the notice or document on the relevant electronic platform has been given pursuant to this Clause.</li> </ul>

## Appendix A

(cont'd)

Clause No.	Existing Clause	Clause No.	Proposed Clause
	<p>(6) The registered address in Malaysia (or if he has no address within Malaysia, to the address within Malaysia supplied by the member or the Director of the Company for giving of notices or other documents to him) and electronic mail address of the member and/or Director appearing in the Record of Depositors, Register of Members or Register of Directors, as the case may be, shall be deemed as the last known address for purposes of service of notices or documents to the member or Director, as the case may be, by the Company.</p>		<p>In the event that service of a notice or document pursuant to this Clause is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with third Clause hereof.</p> <p>(5) Where the Company provides its electronic address in a notice calling a meeting, any document or information relating to proceedings at the meeting including the appointment and termination of a proxy may be sent by the Members through electronic means to that address, subject to any conditions or limitations specified in the notice.</p>

**FORM OF PROXY****EURO HOLDINGS BERHAD**  
**[Registration No. 200401008055 (64659-T)]**

No. of shares held	
CDS Account No.	

I/We \_\_\_\_\_ [Full Name in Block Letters] NRIC /Passport / Company Registration No.

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ [Full Address],

\_\_\_\_\_ [Email Address], \_\_\_\_\_ [Contact No.]

being a member(s) of EURO HOLDINGS BERHAD ("the Company"), hereby appoint

<b>Full Name in Block Letters</b>		<b>Proportion of shareholdings to be presented</b> %
<b>Email Address</b>		
<b>NRIC / Passport No.</b>		
<b>Full Address</b>		
<b>Contact No.</b>		

and/ or failing him/her,

<b>Full Name in Block Letters</b>		<b>Proportion of shareholdings to be presented</b> %
<b>Email Address</b>		
<b>NRIC / Passport No.</b>		
<b>Full Address</b>		
<b>Contact No.</b>		
		<b>100%</b>

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 19<sup>th</sup> AGM of the Company to be conducted on a fully virtual basis through live streaming via Remote Participation and Voting ("RPV") Facilities via the online meeting platform at <https://web.vote2u.my> (Domain Registration Numbers with MYNIC D6A471702) provided by Agmo Digital Solutions Sdn Bhd on Tuesday, 5 December 2023 at 10.00 a.m. or at any adjournment thereof, as indicated below:

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" or "✓" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

<b>Resolutions</b>	<b>Subject</b>	<b>FOR</b>	<b>AGAINST</b>
OR 1	To re-elect Dato' Sri Lim Teck Boon who retires in accordance with Clause 105(1) of the Company's Constitution.		
OR 2	To re-elect Chua Yeow Fatt who retires in accordance with Clause 114 of the Company's Constitution.		
OR 3	To re-elect Datuk Azmi bin Hussain who retires in accordance with Clause 114 of the Company's Constitution.		
OR 4	To re-elect Yip Kit Weng who retires in accordance with Clause 114 of the Company's Constitution.		
OR 5	To approve and ratify the additional Directors' Fees amounting to RM83,548, which was in excess of the earlier approved amount of RM90,000 for the period which commencing from 3 June 2022 until the conclusion of 19th AGM of the Company.		
OR 6	To approve the Directors' fees amounting to RM240,000 to the Non-Executive Directors of the Company from the conclusion of the 19th AGM of the Company until the conclusion of the next AGM of the Company in the year 2024.		
OR 7	To approve the payment of Directors' meeting allowances of RM500 per meeting for each Director with effect from the conclusion of the 19th AGM of the Company until the next AGM of the Company in the year 2024.		
OR 8	To re-appoint Messrs. ChengCo PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
OR 9	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
OR 10	Proposed Renewal of Shareholders' Mandate		
OR 11	Proposed Share Buy-Back		
SR 1	Proposed Amendments to the Constitution of the Company		

Signed this..... day of ..... 2023

.....  
Signature of Shareholder(s)

Fold this flap for sealing

**NOTES:**

1. A member entitled to participate and vote at this virtual meeting is entitled to appoint a proxy/proxies to participate and vote instead of him/her. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the virtual Meeting shall have the same rights as the member to speak at the virtual Meeting.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
4. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), 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. For the purpose of determining a member who shall be entitled to participate the virtual 19<sup>th</sup> AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 27 November 2023. Only a depositor whose name appears on the Record of the Depositor as at 27 November 2023 shall be entitled to participate the virtual meeting or appoint proxies to participate and/or vote on his/her behalf.
6. The instrument appointing a proxy duly completed and signed must be deposited at the share registrar office of the Company, Aldpro Corporate Services Sdn Bhd of B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.
7. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman/Chairperson of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 19th AGM. Please refer to the Administrative Guide for the 19th AGM for further details. The said Administrative Guide is available for download from the announcement on the 19th AGM from the website of Bursa Malaysia Securities Berhad.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX  
STAMP

THE SHARE REGISTRAR OF  
**EURO HOLDINGS BERHAD**  
[Registration No. 200401008055 (646559-T)]  
c/o Aldpro Corporate Services Sdn Bhd  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur, Wilayah Persekutuan

1st fold here

LOT 21 Wisma Euro  
LOT 25 EURO III  
Rawang Industrial Estate,  
48000 Rawang,  
Selangor Darul Ehsan, Malaysia

FAX +603 6092 3000  
TEL +603 6092 6666

[www.euroholdings.com.my](http://www.euroholdings.com.my)  
[www.eurochairs.com](http://www.eurochairs.com)