



EURO Holdings Berhad  
[200401008055 (646559-T)]

## Annual Report 2024



# Inspiration **at Work**

# WELCOME TO EURO HOLDINGS

## A Mission We Strive To Accomplish Everyday

Understanding your real business needs forms of the basis of our partnership with you. Only then can we deliver true customer satisfaction. At EURO, we live by this one mission statement that has guided us from very humble beginnings.



### PHILOSOPHY

To help all our partners and employees stay focused on a common goal, we'd like to share with everyone a new philosophy which we believe will help us all realise our dreams and aspirations.



### VISION

Be a business partner to our customers, helping to create workspaces that inspire people to perform their best.



### MISSION

Provide workspace consultancy as a value-added service in addition to producing the highest quality range of products and services.



### CORE VALUES

#### Quality :

Knowing that in our business, no service or care for our customers is of value if our product is not of top quality.

#### Service :

Believing that the close of every sale should open the door to the next, which comes from providing great service along with our products.

#### Partnership :

We are not mere salespeople peddling products; we strive to understand our customers' businesses thoroughly to provide solutions, not just products.

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Notice of Twentieth Annual General Meeting

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

**Datin Sri Ong Lely**  
Group Managing Director  
(appointed on 1 November 2023)

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

**Yong Teck Wee**  
Executive Director  
(appointed on 9 May 2024)

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

**Chua Yeow Fatt**  
Independent Non-Executive Director

**Datuk Haji Azmi bin Hussain**  
Independent Non-Executive Director

**Yip Kit Weng**  
Independent Non-Executive Director  
(appointed on 14 July 2023)

#### AUDIT COMMITTEE

Chua Yeow Fatt - Chairman  
Datuk Haji Azmi bin Hussain - Member  
Yip Kit Weng - Member

#### NOMINATION AND REMUNERATION COMMITTEE (merged on 27 May 2024)

Datuk Haji Azmi Bin Hussain – Chairman  
Yip Kit Weng - Member  
Chua Yeow Fatt – Member

#### RISK MANAGEMENT & ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Yip Kit Weng – Chairman  
Datuk Haji Azmi Bin Hussain  
Chua Yeow Fatt

#### 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) 2201 7774  
Email : boardroom@boardroom.com.my

#### HEAD OFFICE

Menara Euro,  
Lot 20111, Jalan TTC12,  
Kawasan Perindustrian Cheng,  
Mukim Cheng, Daerah Melaka Tengah,  
75250 Melaka  
Tel : (606) 337 6666  
Email : corporate@eurochairs.com  
Website : www.euroholdings.com.my

#### AUDITORS

**CHENGCO PLT**  
(LLP0017004-LCA & AF0886)  
No. 150C, Jalan Sultanah,  
83000 Batu Pahat,  
Johor Darul Takzim

#### 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) 2201 7774  
Email : admin@aldpro.com.my

#### PRINCIPAL BANKERS

CIMB Bank Berhad  
AmBank (M) Berhad  
Public Bank 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*



Lt Gen (R) Dato' Sri Sabri bin Adam ("DSSA") joined the Board of Directors on 25 February 2022 and was appointed as the Independent 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 hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### DATIN SRI ONG LELY

*Group Managing Director*



Datin Sri Ong Lely ("Datin Sri Ong") was appointed to the Board as the Group Managing Director of EURO on 1 November 2023.

Datin Sri Ong studied at SJKC Siang Lin, Melaka and St David high school, Melaka for her primary and secondary education respectively. After completing her SPM, she further her tertiary education at Tuanku Abdul Rahman College (TARUC) in the field of Management majoring in Competency in Office Management.

After graduating in 2003, Datin Sri Ong assisted in her family business which involve in wholesaling and trading of various types of buildings materials & hardware. From 2011 until present, Datin Sri joined SPA Group of companies and overseeing the business administrative and management works.

Datin Sri Ong does not have any other directorships in any public companies.

Datin Sri Ong is the sister-in-law of Datuk Lim Sze Way, who is the Group Deputy Managing Director of EURO.

Datin Sri Ong does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Directors' Profiles (cont'd)

### DATUK LIM SZE WAY

*Group Deputy Managing Director*



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-in-law of Datin Sri Ong Lely who is the Group Managing Director.

She does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### YONG TECK WEE

*Executive Director*



Mr Yong Teck Wee ("Mr Yong") was appointed as an Executive Director of EURO on 9 May 2024. Mr Yong was an ex-banker attached to local Banks and holds a Certified Credit Professional (Business) Institute of Bankers Malaysia; and a Diploma in Higher Accounting Course, the London Chamber of Commerce Industry (LCCI).

Mr Yong has 40 years of experience in the Banking Industry. He was the Vice President with Ambank (M) Berhad, Melaka Business Centre from year 2008 to March 2024; Prior to that, he was a Senior Manager with Hong Leong Bank Berhad, Melaka Business Centre from year 1998 to 2008; Head of Cash & Remittance cum Head of Credit Processing & Credit Admin, Wah Tat Bank Berhad from year 1995 to 1998; and Banking Officer with Malaysian French Bank Berhad from year 1985 to 1995.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Directors' Profiles (cont'd)

### TAN POH LING

*Non-Independent Non-Executive Director*



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 Accountants while she worked 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 30 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.

She does not have any family relationship with any Director and/or major shareholder of the Company. She does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### CHUA YEOW FATT

*Independent Non-Executive Director*



*Chairman of Audit Committee  
Member of Nomination and Remuneration Committee  
Member of Risk Management & Environmental, Social and Governance Committee*

Mr Chua Yeow Fatt ("Mr Chua") was appointed as an Independent Non-Executive Director of EURO on 3 June 2022 and is the Chairman of the Audit Committee. He also serves as a member of the Nomination and Remuneration Committee, and the Risk Management & Environmental, Social and Governance Committee.

Mr. Chua is a Chartered Accountant and also a member of the Malaysian Institute of Accountants ("MIA") since 1995.

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

Mr Chua has 17 years of working experience, including lecturing in several local private institutions. Upon graduation, he began his career with the international auditing firm KPMG in July 1991. After several years with KPMG, he left and joined several other Multinational Companies (MNCs) at the finance managerial and controller level for several years.

In 2007, Mr Chua set up his own accounting practice, which provides services such as corporate secretarial, corporate tax advice, auditing services, and related management services.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Directors' Profiles (cont'd)

### DATUK HAJI AZMI BIN HUSSAIN

*Independent and Non-Executive Director*



*Chairman of Nomination and Remuneration Committee  
Member of Audit Committee  
Member of Risk Management & Environmental, Social and Governance Committee*

Datuk Haji Azmi bin Hussain ("Datuk Azmi") was appointed as an Independent Non-Executive Director of EURO on 11 May 2023. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management, Environmental, Social, and Governance Committees.

Datuk Azmi graduated from the University of 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 Mayor of MBMB from June 2018 to December 2018 and CEO of Tabung Amanah Melaka from January 2019 to June 2019.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### YIP KIT WENG

*Independent and Non-Executive Director*



*Chairman of Risk Management and Environmental, Social & Governance Committee  
Member of the Audit Committee  
Member of Nomination and Remuneration Committee*

Mr Yip Kit Weng ("Mr Yip") was appointed as an Independent Non-Executive Director of EURO on 14 July 2023 and is the Chairman of the Risk Management and Environmental, Social & Governance Committee. He also serves as a member of the Audit Committee, and the Nomination and Remuneration Committee.

Mr Yip holds a degree in Bachelor of Commerce, majoring in Accounting and Finance from the University of Western Australia in 1992. Mr Yip has approximately over 3 decades of experience in Equity Fundraising, Corporate Financial and Advisory Services, Corporate Banking, Private Debt Securities Issuances and Private Equity Transactions.

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 served as CEO-Asia for Kajo Investments Pty Ltd in 2009 and subsequently as Director of Equity Capital Markets with CIMB Investment Bank Berhad from 2010-2013. He then joined at RHB Investment Bank as Director/Team Head, Corporate and Investment Banking Services. In 2014, Mr Yip joined as Executive Director and Head of Investment Banking at Nomura Securities Malaysia Berhad. From October 2019 to November 2021, he was the Deputy Group Managing Director of Affin Hwang Investment Bank Berhad, where he also served as Non-Independent Non-Executive Director of Affin Hwang Asset Management Berhad and ALLMAN Asset Management Sdn Bhd.

He currently also serves as a Divisional Council for CPA Australia Malaysia Division effective January 2021 and was elected as Deputy President for the calendar year 2023 and 2024. Mr Yip also serves as a Member of the Faculty of Business Industry Advisory Board, Curtin University Malaysia.

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

He does not have any family relationship with any Director and/or major shareholder of the Company. He does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company or its subsidiaries and has no conviction for offences (other than traffic offences) within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. GENERAL DESCRIPTION OF THE GROUP'S BUSINESS

The Group is principally involved in manufacturing and trading of office furniture. The Manufacturing Division started in 1976 and has grown over the past 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 one manufacturing cum warehouse in Rawang, Selangor and rents two buildings in Melaka: one for manufacturing plant cum warehouse and one for a showroom.

Eurosteel Line Sdn Bhd, the Group's steel furniture arm, specialises in steel storage cabinets since October 2020.

Euro Holdings Berhad has been selected to receive **The BrandLaureate Brand of the Year Award 2023 - BestBrands Award in the category of Best Choice – Office Furniture.**

## II. OBJECTIVES AND STRATEGIES

The Group planned its business transformation in April 2023 to rationalise the non-core assets and to relocate EURO Group's warehouse in Rawang, State of Selangor to the State of Melaka. This relocation exercise will assist the management to better control the operation and improving the efficiency of the Group while focusing on higher margin product mix.

In view of the track record in steel furniture, the Group strategise by diversification to trading of steel products such as steel pipe in various cuts/sizes, depending on the request by customers for various usage purposes such as chair leg, table leg, locker and building facade, while maintaining the Group's existing businesses.

The Group intends to implement the following strategies for its trading of steel products and related business pursuant to the diversification:

- focusing on the design and development activities for the creation of new innovative technology methods for use in its steel products business segment, as well as expanding its offering of steel-related items to complement its current offering of office furniture;
- expansion into new markets, particularly in the Asian and European regions, in order to increase demand for its steel products. The Group may also enter into a strategic alliance or joint venture with other firms whose office furniture and steel products business divisions require specialised skill sets, experience and additional resources; and
- expanding its existing customer base and sales network as well as to increase its market share locally and internationally through various marketing efforts such as the development of sales channels via strategic partnerships with various clients across various industries, especially in the Asian office furniture industry and the steel trading industry. By actively participating in numerous trade events, fairs, and seminars, the Group hopes to gain new clients abroad and expand its office furniture and steel-related products categories and business networks.

As part of the diversification, the Group also intends to produce the following steel pipes:



Steel bars



Steel pipes for hardware



Steel frames



Steel door handles



Steel exhaust pipes

## Management Discussion And Analysis (cont'd)

In addition, the Group may also venture into business related to the trading of steel products, as and when the need arises, including providing transportation services to move steel products from the manufacturer to the customer and to warehouses or other storage facilities to hold steel products before they are sold to customers.

The objectives of the transformation and diversification are to strengthen the Group's financial position and future earnings.

### III. FINANCIAL RESULTS AND FINANCIAL CONDITION

#### REVENUE

The Group's revenue for the financial year ended 30 June 2024 (FYE2024) was RM79.2 million, a significant decrease of RM146.7 million compared to RM225.9 million for 18 months for the financial period ended 30 June 2023 (FPE2023). Comparing the FYE2024 revenue of RM79.2 million with FPE2023 annualised revenue of RM150.6 million, the decrease is RM71.4 million or 47.4%.

During FPE2023, the Manufacturing Division contributed to a higher revenue due to the continuous demand for steel related products; and the property development business contributed approximately RM9.0 million to the revenue after obtaining the Certificate of Completion and Compliance in year 2023.

#### COST AND EXPENSES

Total cost and expenses before finance cost for FYE2024 amounted to RM96.6 million, a decrease of RM190.4 million as compared to FPE2023 RM287.0 million (annualised RM191.3 million). The annualised decrease of RM94.8 million or 49.5% is in tandem with the decrease in revenue. The decrease was mainly attributable to decrease in cost of sales by RM148.5 million, from RM225.3 million in FPE2023 to RM76.8 million in FYE2024. The cost of sales in FYE2024 when compared to FPE2023 annualised cost of sales of RM150.2 million showed a significant decrease by RM73.4 million or 48.9%.

On an annualised basis, the general and administrative expenses, selling and distribution expenses, and finance cost also decrease in FYE2024 by 64.6%, 87.6% and 53.0% respectively.

The other operating expenses of RM5.6 million are mainly depreciation of plant and machinery.

#### OTHER INCOME

Other income for FYE2024 was RM3.3 million, a drop of RM51.6 million as compared to RM54.9 million in FPE2023. During the FPE2023 the significant higher other income was derived from the gain on disposal of investments in subsidiaries of RM27.3 million, written off other payables of RM13.9 million and gain on disposal of property of RM9.4 million.

#### FINANCE COST

Finance costs for FYE2024 was RM2 million as compared to RM6.2 million as reported in FPE2023, a significant decrease of RM4.2 million due mainly to decrease in loan interest to a director, bank overdraft interest and term loan interest.

#### TAXATION

The Group's taxation for FYE2024 was RM4.2 million as compared to RM0.1 million reported in FPE2023. The taxation was higher mainly due to under provision in prior years.

#### PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company for FYE2024 was RM20.2 million in contrast to a profit of RM1.4 million for the FPE2023. During FPE2023, a surplus on revaluation arising from freehold land and factory buildings of RM13.8 million was recorded.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalent of the Group improved by RM5.5 million, from negative RM6.0 million as at 30 June 2023 to negative RM0.6 million as at 30 June 2024. The improvement was mainly attributable to repayment of overdraft of RM8.2 million during the FYE2024.

## Management Discussion And Analysis (cont'd)

### GEARING

The gearing ratio of the Group as at 30 June 2024 was 0.05% as compared to 0.15% as at 30 June 2023, the decrease was mainly due settlement of borrowings during the financial year. The gearing ratio is calculated as net borrowings divided by shareholders' equity. Net borrowings is calculated as total borrowings less fixed deposit, and cash and bank balances.

### ASSETS

Total assets of the Group as at 30 June 2024 was RM116.3 million as compared to RM121.3 million as at 30 June 2023. The decrease of RM5.0 million was mainly due to a significant drop in other receivables, fixed deposits, and cash and bank balances.

### LIABILITES

Total liabilities of the Group as at 30 June 2024 was RM44.8 million as compared to RM45.6 million as at 30 June 2023. The slight increase of RM0.8 million was mainly due to the increase in trade payables, other payables and amount due to related party, offset by reduction in borrowings.

### OPERATING REVIEW

The Group's loss before interest and tax for FYE2024 was RM14.1 million as compared to FPE2023 loss before interest and tax of RM6.1 million. The widening of loss by RM8.0 million was mainly due to bad debts written off RM2.3 million, depreciation amount higher by RM3.0 million and impairment losses of RM3.4 million.

#### Manufacturing and Trading Division

During the financial year under review, the Group's business activity is focused on Trading Division which derived the Group's entire revenue and results.

#### Property Division

The Group divested the Property Division in June 2023, and hence, Euroland & Development Sdn. Bhd. ceased to be a subsidiary of the Group.

## IV. IDENTIFICATION OF RISK

### Business risks

There can also be no assurance that the Group's venture into the trading of steel products and related business will be successful as the Group will be subject to competition with the existing players in the industry. Hence, the Group may not generate its anticipated earnings from such a venture and may also encounter loss of opportunities while pursuing this venture.

### Dependence on key management personnel

Any sudden departure of the key management personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, may adversely affect its operation and consequently, the Group's revenue and profitability.

### Competition risk

Being a new entrant into the trading of steel products industry, the Group will face competition from, among others, existing companies in the trading of steel products industry. The Group may also be disadvantaged as a new entrant as it lacks the relevant track record compared to the existing companies which may enjoy the privilege of their established brand names and entrenched reputation in the industries as well as wider range of products compared to the Group.

### Fluctuation in steel prices

The price of steel may fluctuate according to, amongst others, market supply and demand conditions. The supply of steel is subject to external factors such as the ongoing Russia-Ukraine war, shortage of labour supply, delivery delays or other disruptions on a significant scale.

## Management Discussion And Analysis (cont'd)

### V. PROSPECTS AND INDUSTRY OUTLOOK

The Group is in its final stages of realigning its business through strategic relocation of its current manufacturing plant in Rawang, Selangor to Melaka. The Group will re-focus and re-emphasize on its growth in furniture and steel related products. The Trading Division will be focusing on market growth within Asia and will explore the avenue to export overseas to increase revenue.

The Group's prospects for the financial period ending 30 June 2025 are expected to be challenging but manageable despite the numerous challenges posed by the ongoing Russian-Ukraine conflict which led to disruption on commodities' supply chain, higher than anticipated inflationary pressures, and the tightening of central banks' monetary policies which not only adversely impacted on the demand of the Group's products, but also affect the manufacturing and trading of office furniture. The Group will manage these challenges by constantly monitoring the market conditions and geopolitical events that may impact its supply chain which will help the Group to identify potential risks early and take timely action to mitigate them including reviewing its financial performance and exercising prudence in its decisions in order to respond to any evolving circumstances. The management of the Group will continue to implement strategies to increase revenue and adopt cost saving initiatives to sustain growth in the Group's business.

#### Manufacturing and Furniture Industry in Malaysia

Although furniture production in Malaysia was adversely impacted by the COVID-19 pandemic in 2020 and 2021 leading to a decline of production value to RM16.5 billion in 2020 and RM15.6 billion in 2021, the local production of furniture rebounded in 2022 to RM17.1 billion in 2022 as demand for furniture rebounded with the reopening of businesses after the spreading of the COVID-19 virus was curbed.

The growth of the furniture industry in Malaysia will be driven by the following factors:

- Rising demand for Malaysian furniture products globally will boost the furniture industry in Malaysia. Malaysia has been ranked the 11th largest exporter of furniture globally;
- Malaysia's favourable foreign currency exchange rates will facilitate the growth of the country's furniture exports;
- The implementation of Free Trade Agreements ("FTA") in Malaysia will have a positive effect on the country's furniture exports. The FTAs provide exporters in Malaysia with market access, cost savings from elimination or reduction of customs duties and from mutual recognition agreements, trade facilitating customs procedures and removal of onerous regulations. This will have a positive effect on Malaysia's furniture exports due to the increased trade facilitation; and
- Growth in e-commerce sales of furniture is expected to benefit the furniture industry as furniture businesses increasingly adopt omni-channel retailing which involves the convergence of e-commerce businesses and traditional retail stores (brick-and-mortar stores). This provides customers with a seamless experience whether shopping online via a desktop or mobile device or at a traditional retail store.

#### Steel Industry in Malaysia

Overall, the steel industry in Malaysia has been growing, in terms of manufacturing sales value. Independent Market Researcher Report on the furniture and steel industry by Providence Strategic Partners Sdn Bhd dated 10 April 2023 ("IMR Report") forecasted that the steel industry in Malaysia will grow between 2023 and 2025, from RM30.7 billion in 2023 to approximately RM34.1 billion in 2025.

The positive outlook of the steel industry in Malaysia will be driven by the following factors:

- Growth of end-user industries such as the furniture industry and construction industry as the growth of the steel industry will be largely driven by consumption from its end-user industries. Meanwhile, the construction industry has been growing in terms of awarded projects.
- Government initiatives to boost the manufacturing industry, including the steel industry in Malaysia such as the New Industrial Master Plan 2021-2030 and PENJANA. As economic activities ramp up following the high vaccination rates in the country, this will boost productivity of the steel industry; and
- Growth in demand for exported steel products from international markets whereby global consumption of steel has been increasing steadily.

## Management Discussion And Analysis (cont'd)

### VI. FORWARD LOOKING STATEMENT

#### (a) Group's possible trend, outlook and sustainability of each of its principal business segment

The Board expects the Group's the diversification into the trading of steel products and related business to contribute positively to the Group's future earnings, which will potentially be 25% or more of the Group's net profits and/or result in a diversion of 25% or more of the net assets of the Group to its operations. This will minimise the Group's over-reliance on its present activities, thereby improving the Group's financial performance, which in turn creates value for the shareholders.

The Group is using e-commerce and other digital platforms to market its furniture products to provide alternative sources of revenue to reach the market in Asia (such as India and Saudi Arabia) as well as Europe (such as France, Germany and the United Kingdom) to mitigate the impact of COVID-19 on the Group's business activities.

The Manufacturing and Trading Division will continue to leverage on its strong base of export clientele and explore new countries to diversify its market base as a growth strategy and managing its business risk. Its extensive range of high-quality products will ensure the long-term sustainability and growth of the business.

The group foresees the rise of raw material cost and higher fixed overheads will continue to put pressure on production cost of the Manufacturing and Trading Division as there is a global shortage of raw materials. The division is therefore mindful of the challenges of these costs and shall continue to improve productivity and optimise operational efficiencies.

#### (b) Dividend policy

The Group does not currently have any formal dividend policy. It is Euro's intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including the Group's solvency, financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by the Board. The Board of Directors has not recommended any dividend to be paid for the financial year ended 30 June 2024. (FPE2023: Nil)

## GROUP FINANCIAL HIGHLIGHTS

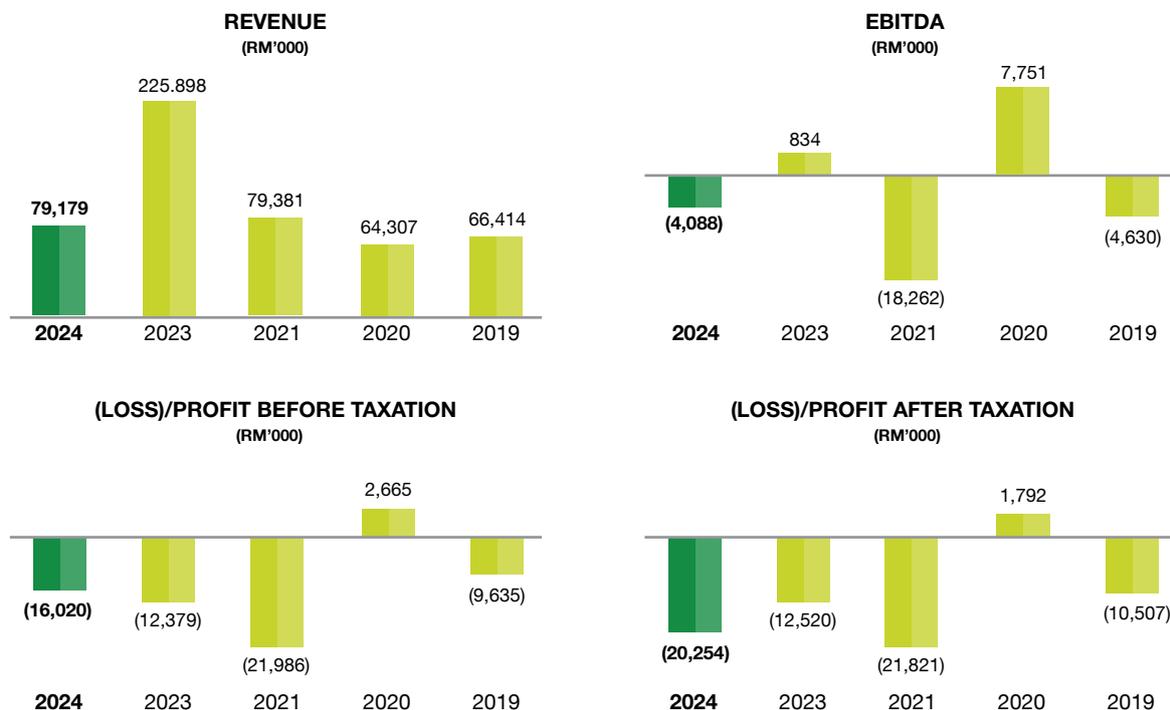
	Financial Period/Year Ended				
	30 June		2021	Restated	Restated
	2024	2023^^ (18 months)		31 December 2020	2019
<b>Operating Results (RM'000)</b>					
Revenue	79,179	225,898	79,381	64,307	66,414
EBITDA	(4,088)	834	(18,262)	7,751	(4,630)
(Loss)/Profit before taxation	(16,020)	(12,379)	(21,986)	2,665	(9,635)
(Loss)/Profit after taxation	(20,254)	(12,520)	(21,821)	1,792	(10,507)
Net Profit/(Loss) attributable to equity holders	(20,218)	1,385	(21,736)	1,764	(10,508)
<b>Key Data of Statement on Financial Position (RM'000)</b>					
Total assets	116,338	121,309	109,389	124,766	145,683
Net borrowings	3,342	10,965	19,312	22,216	45,965
Shareholders' equity	71,551	75,001	44,328	64,473	65,691
<b>Share Information &amp; Key Financial Ratios</b>					
Return on equity (%)	(28.31)	(16.69)	(49.23)	2.78	(15.99)
Return on total assets (%)	(17.41)	(10.32)	(19.95)	1.44	(7.21)
Gearing ratio (times)	0.05	0.15	0.44	0.34	0.70
Interest cover (times)	7.19	0.99	10.13	1.92	3.38
Number of Ordinary Share In Issue ('000)^	1,327,967	1,063,397	801,900	801,900	801,900
PE ratio (times)	(4.93)	61.42	(17.89)	1,318.32	(12.59)
(Loss)/Earnings per share attributable to equity holders (sen)#	(1.52)	0.13	(2.71)	0.22	(1.31)
Net asset per share (sen)	5.39	7.05	5.53	8.04	8.19
Share price as at financial year end (sen)	7.5	8.0	48.5	290	16.5

**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.

^ Restated for FYE 2017 to FYE 2019 to reflect the retrospective adjustment arising from the bonus issue completed in FYE 2020

^^ 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

### ABOUT THIS REPORT

The Board of Directors 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”).

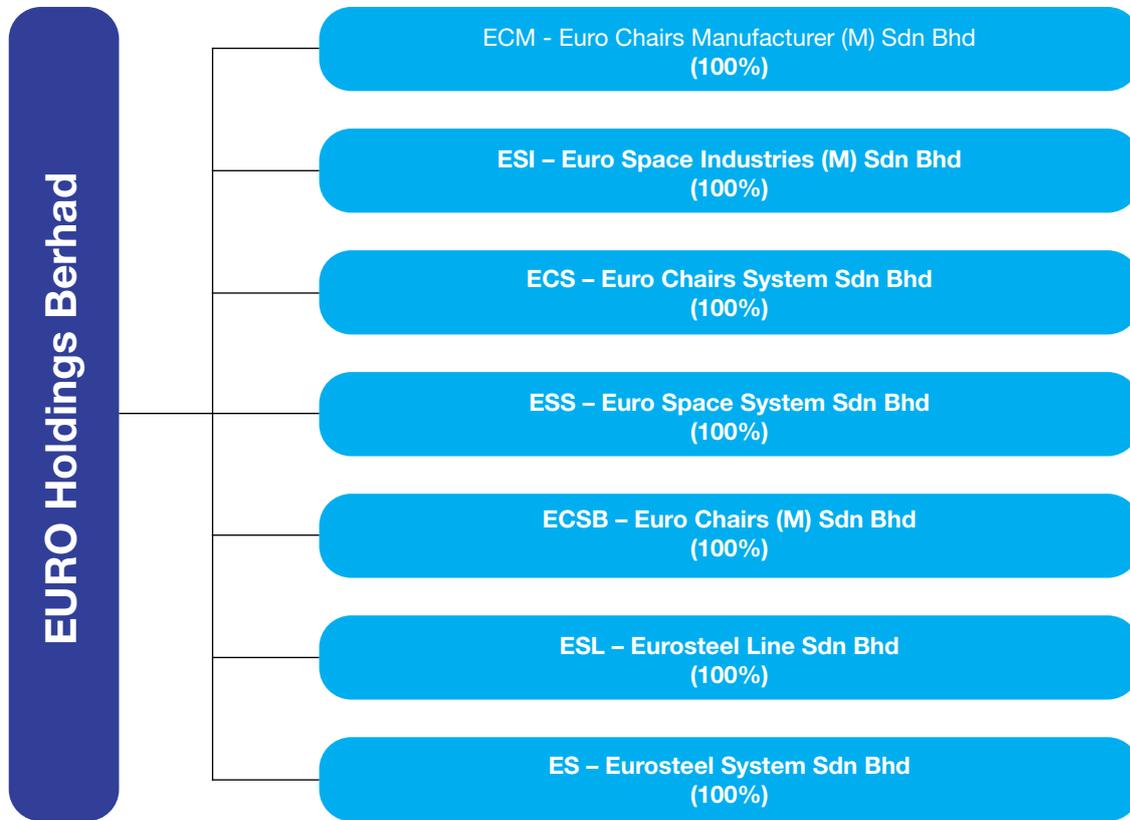
The Group is honoured to present the Sustainability Statement (“SS”) or (“the Statement”) for Financial Year Ended 30 June 2024 (“FYE 2024”). This Statement provides an overview of the Group’s Sustainability performance during the period from 1 July 2023 till 30 June 2024.



Sustainability Statement  
(cont'd)

**REPORTING SCOPE**

This Statement covers the Group’s sustainability performance and progress of all our subsidiaries , as detailed below:



**Principal Activities of the Group**

Control	Name of Company	Principal Activity
<b>Holding</b>	Euro Holdings Berhad	Investment Holding Company
<b>Subsidiaries</b>	Euro Chairs Manufacturer (M) Sdn Bhd	Manufacturing and marketing of furniture
	Euro Chairs System Sdn Bhd	Trading of furniture, furnishing fabric materials and other furniture components
	Eurosteel Systems Sdn Bhd	Trading of storages and steel furniture
	Euro Space Industries (M) Sdn Bhd	Manufacturing and trading of office furniture, partitions, chairs and panels
	Euro Space System Sdn Bhd	Trading of office furniture
	Euro Chairs (M) Sdn Bhd	Holds the industrial designs and trademarks for “EURO” products
	Eurosteel Line Sdn Bhd	Trading of steel and steel storages

## Sustainability Statement (cont'd)

### REPORTING FRAMEWORKS AND STANDARDS

In the preparation of this Sustainability Statement, we have been guided by the regulatory framework and guidelines as set out below:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”);
- Sustainability Reporting Guide, 3rd Edition (“SRG”) issued by Bursa Malaysia Securities; and
- Malaysian Code on Corporate Governance, updated on 28 April 2021 (“MCCG 2021”)

### FEEDBACK

Stakeholders are welcome to provide feedback on our Statement and any of the issues discussed herein. Comments, queries and suggestions regarding the content of this Statement may be emailed to [corporate@eurochairs.com](mailto:corporate@eurochairs.com)

## OUR APPROACH TO SUSTAINABILITY

### SUSTAINABILITY GOVERNANCE

We recognise the importance of establishing a robust sustainability governance and leadership framework to effectively drive the sustainability agenda at Euro. Our governance structure has been designed to facilitate the integration of sustainability principles into all aspects of our business operations and decision-making processes. The Board of Directors is ultimately responsible for the Group’s strategic direction on sustainability while being supported by the Risk Management & Environmental, Social and Governance Committee (“RMESGC”) which consists of the following members :-

Name of Member	Designation in RMESGC
Yip Kit Weng	Chairman
Datuk Haji Azmi Bin Hussain	Member
Chua Yeow Fatt	Member



**Sustainability Governance Structure**

## Sustainability Statement (cont'd)

### SUSTAINABILITY GOVERNANCE (CONT'D)

#### Sustainability Governance Structure and Roles and Responsibilities

Parties	Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Provide general leadership, strategic direction and oversight of the Group's overall Sustainability Framework.</li> <li>Provide advice and approve sustainability strategy (review periodically) and ensure all business strategies and major business operations are embedded with sustainability considerations.</li> <li>Ensures sustainability matters are considered within the Group's respective business segment and progressively embed strong sustainability culture throughout the Group.</li> </ul>
Risk Management & Environmental, Social and Governance Committee	<ul style="list-style-type: none"> <li>Responsible to review the sustainability strategy and performance;</li> <li>Ensure smooth coordination and implementation of the Sustainability Strategy. The Sustainability strategy shall include the sustainability pillars, ie environment, social and governance;</li> <li>Oversee the processes, standards and strategies designed to manage social and environmental risk, covering:-               <ol style="list-style-type: none"> <li>Reviews adoption and effectiveness of all sustainability related policies/standards;</li> <li>Oversee management processes to ensure compliance with policies/standards</li> <li>Review annual periodic reports from senior management</li> <li>Review the Sustainability Statement/Report</li> </ol> </li> <li>Provide oversight and input to Management's implementation, operation and assurance of policies and standards;</li> <li>Monitor the Sustainability Key Performance Indicators of the Group and their implementation;</li> <li>Drive engagement on sustainability amongst senior management of the Company, as well as mobilizing the support of the workforce through adoption of a mindset in favour of sustainability</li> </ul>
Executive Director	<ul style="list-style-type: none"> <li>Implement the integration of sustainability management into our Group's business strategy and goals.</li> <li>Implement sustainability strategies, sustainability-related policies, initiatives, sustainability risks and opportunities for sustainability practices across all business operations.</li> <li>Set sustainability performance indicators and perform data gathering, compiling and reporting.</li> <li>Facilitate the sustainability strategy (review periodically) and ensure all business strategies and major business operations are embedded with sustainability considerations</li> <li>Determine the adequacy of the response and the current standing and performance of the material sustainability matters of the Group.</li> <li>Review and ensure adequate resources are made available for the successful implementation of sustainability strategies and initiatives.</li> <li>Review and report sustainability progress and performance to RMESGC and the Board.</li> </ul>
CFO	<ul style="list-style-type: none"> <li>Prepare the reports for material sustainability matters, sustainability progress, performance indicators and targets, the performance and annual sustainability disclosures.</li> <li>Track the targets of sustainability indicators and progress performance indicators.</li> </ul>
Head of Departments	<ul style="list-style-type: none"> <li>Implement daily management of sustainability matters.</li> <li>Implement stakeholder engagement efforts.</li> </ul>

The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending training programmes.

For the Board, the performance evaluation in addressing the material sustainability risks and opportunities has been incorporated within the annual performance evaluation.



## Sustainability Statement (cont'd)

### STAKEHOLDER ENGAGEMENT

Our commitment to stakeholder engagement is fundamental to generating sustainable value for the Group. We proactively work with our key stakeholders throughout our business operations, soliciting their insights to inform our strategic decisions and ensure that their needs and expectations are aligned with our business goals. Below is a summary of our interactions with key stakeholders over the year, detailing the platforms used for engagement and communication and the concerns raised.

#### **Stakeholders, Engagement Method and/or Frequency and Area of Concern**

Stakeholders	Engagement Method/Frequency	Area of concern
Government agencies, regulators and authorities	i. As Needed - Telephone/Email - Government website - Physical consultation	i. Compliance with regulations and applicable requirements in Malaysia
Shareholders and Investors	i. Annually - Annual General Meetings - Annual Report ii. Quarterly - Financial performance in the Quarterly Report - Announcements to Bursa iii. As Needed - Company's website - Media Releases - Circulars	i. Financial performance ii. Corporate governance iii. Business strategies
Customers	i. Occasionally - Face to face meeting - Email - Phone call ii. As needed - Company's website through sales inquiry - Face to face meetings	i. Pricing ii. Product quality and service iii. Updates on product information iv. Delivery lead time
Suppliers	i. As Needed - Supplier visits - Supplier meetings - Supplier feedbacks	i. Business continuity ii. Payment term
Employees	i. Annually - Annual performance review ii. As Needed - Employee briefings - Management meetings - Open communication via internal channels such as emails and memo	i. Fair remuneration, benefits and welfare ii. Safe and conducive working environment iii. Learning and development for career development
Communities	As needed i. Community investment such as providing donations in the form of monetary and non-monetary ii. Partnership with organisations to support Corporate Social Responsibility ("CSR")'s activities	i. Fundraising and charity events ii. Community well-being
Financial Institutions and lenders	i. Periodically - Review on creditability - Corporate Dinner and Forums	i. Financial stability ii. Payment records iii. Business strategies and plans

# Sustainability Statement (cont'd)

## MATERIAL SUSTAINABLE MATTERS

Our materiality assessment process enables us to identify and assess key risks and opportunities to ensure long term sustainable growth. The assessment involves evaluating the significance of each sustainability issue based on its level of impact and influence on the Group.

### Materiality Assessment Process



#### Identification of Sustainability Matters

- Understanding of company’s operating context
- Identification of key stakeholders and understanding of their needs and expectations concerning sustainability areas and impacts
- Draw out an initial list of sustainability matters

#### Prioritisation of Material Matters

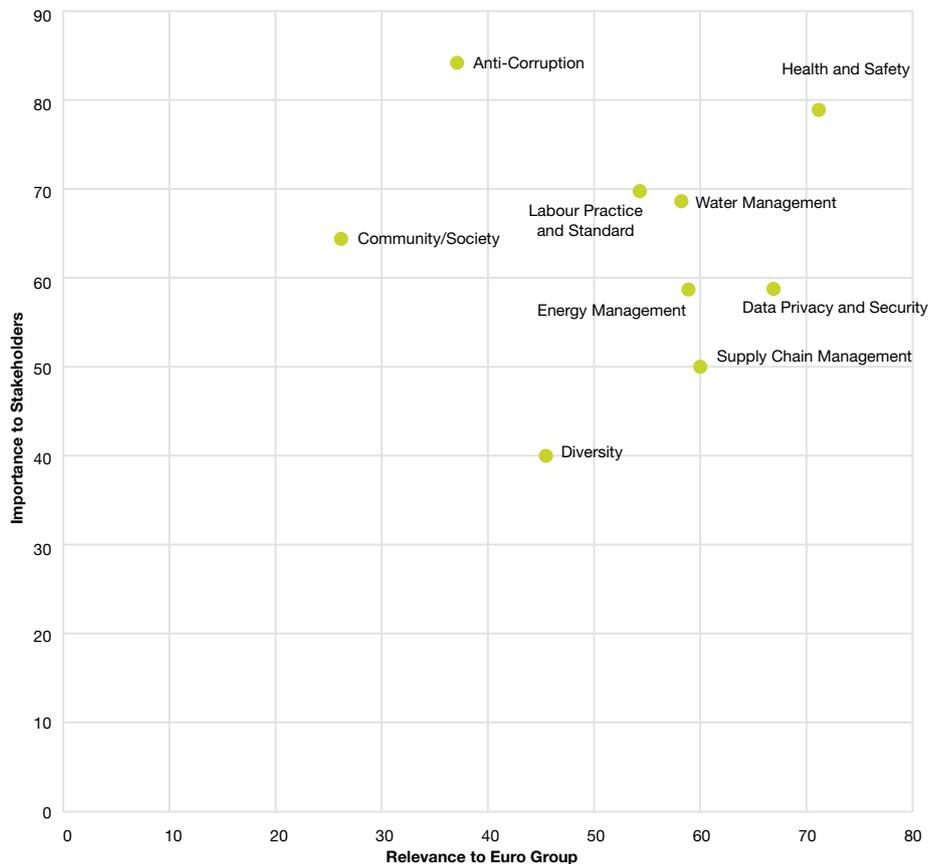
- Line up material matters according to their importance based on their impact to three aspects, economic, environmental and social; and their influence on stakeholders’ decisions

#### Review and Validation of Process and Outcome

- Validate and review the materiality matters and the assessment process used to identify them.
- Review the frequency of assessment of material matters

#### Prioritisation of Sustainability Matters

A total of nine (9) material sustainability matters were deliberated and approved by the RMESGC as outlined below:



## Sustainability Statement (cont'd)

### MATERIAL SUSTAINABLE MATTERS (CONT'D)

*Table of Sustainability Matters*

Stakeholders	Engagement Method/Frequency
Area	Material Matter
Governance	Anti-Corruption
Economy	Supply Chain Management
Environment	Energy Management
	Water Management
Social	Diversity
	Community/Society
	Health and Safety
	Labour practice and standards
	Data privacy and security

### RISK MANAGEMENT

Each materiality matter presents both risks and opportunities for the Group. By effectively managing the risks while optimising the opportunities, we believe we can turn these milestones into achievements. This step helps us to attain deeper understanding of the materiality matters and develop proactive strategies that give us a competitive advantage in the industry.

**Materiality matters, risks and opportunities associated with them and Management action plan to address the matters.**

Material Matters	Risks	Opportunities	Management Action Plan
Anti-Corruption	<ul style="list-style-type: none"> <li>Violating the law</li> <li>Financial Loss</li> </ul>	<ul style="list-style-type: none"> <li>Trusted business partner</li> <li>Good Corporate Image</li> </ul>	<ul style="list-style-type: none"> <li>Internal Audit of the Compliance with Anti-Corruption</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>Delivery lead time to Customer</li> <li>Quality of materials</li> </ul>	<ul style="list-style-type: none"> <li>Efficient management of sales and purchase practice</li> <li>Explore other suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Standard Operating Process for Supply Chain Management</li> </ul>
Energy Management	<ul style="list-style-type: none"> <li>Contribution to carbon emission</li> <li>Energy wastage caused increase in operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Savings from energy management will translate into profit</li> </ul>	<ul style="list-style-type: none"> <li>Implement energy savings in the workplace</li> </ul>
Water Management	<ul style="list-style-type: none"> <li>Potential scarcity of water resources</li> </ul>	<ul style="list-style-type: none"> <li>Cost saving through reduced water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Implement water savings in the workplace by displaying signage of water savings</li> </ul>

## Sustainability Statement (cont'd)

### RISK MANAGEMENT (CONT'D)

**Materiality matters, risks and opportunities associated with them and Management action plan to address the matters . (Cont'd)**

Material Matters	Risks	Opportunities	Management Action Plan
Diversity	<ul style="list-style-type: none"> <li>Reports of discriminative practices on racial discrimination can cause reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>Tap on a diverse range of employee with different ethnicity and background</li> </ul>	<ul style="list-style-type: none"> <li>The group engaged employees for each respective department based on their qualification, past working experience, work knowledge</li> </ul>
Community /Society	<ul style="list-style-type: none"> <li>Complain on environment pollution due from transportation of products</li> </ul>	<ul style="list-style-type: none"> <li>Good image to employee as a reputable company</li> </ul>	<ul style="list-style-type: none"> <li>Training to employees on ethical conduct</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>Injuries due to non-compliance with health and safety policies and procedures may lead to potential fatalities and serious injuries.</li> <li>Cost of injuries will directly impact the company expenses</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced staff welfare and properly equipped with basic safety and medical kit to employee</li> </ul>	<ul style="list-style-type: none"> <li>Provide medical kits and safety equipment provided to warehouse worker</li> </ul>
Labour practice	<ul style="list-style-type: none"> <li>Risk of non-compliance with Malaysian labour laws and legal actions against the company may result in loss of business.</li> </ul>	<ul style="list-style-type: none"> <li>Constant review and monitoring of employee benefits and compliance to labour laws.</li> </ul>	<ul style="list-style-type: none"> <li>Timely submission of employee statutory contribution to government authorities</li> </ul>
Data privacy and security	<ul style="list-style-type: none"> <li>Cyber threats including breach of customers data may lead to loss of customer trust and reputational harm</li> </ul>	<ul style="list-style-type: none"> <li>Improved data management protects customer data and maintains trust</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade IT Security, Company server and network</li> </ul>

## Sustainability Statement (cont'd)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS

#### MMI - ANTI-CORRUPTION

Our Group is committed to conduct our business activities in ethical, transparent and responsible manner. As such, we have put in place, Anti- Bribery and Corruption Policy ,in line with the Malaysian Anti- Corruption Commission Act 2009, that communicates our Group policy against any form of bribery and corruption. We do not tolerate any bribery and corruption practices amongst our employees, as well as external parties such as customers and suppliers.

#### OUR APPROACH

##### Prevention of Misconduct and Fraud

To strengthen procedures aimed at preventing and detecting fraud, the Group has implemented a Code of Ethics and Conduct (“Code”) for all employees. This Code establishes guidelines and assigns responsibilities to develop effective controls and conduct thorough investigations, fostering a unified and ethical organizational culture.

All employees are expected to perform their duties with integrity and in full compliance with relevant local laws and regulations. The Group rigorously monitors the conduct of its management team to prevent misconduct among the Board, senior leadership, and staff, including prohibiting any benefit transfers when evaluating new clients, and suppliers.

##### Whistleblowing Policy

Our Group is committed to conduct our business activities in an ethical, transparent and responsible manner. As such we have put in place a Whistle Blowing Policy which is in line with the Whistleblower Protection Act 2010 and it was published on the Company’s website. Euro is committed to a high standard of integrity, openness and accountability in the conduct of the businesses and operations in an ethical, responsible and transparent manner. In line with this commitment, all Euro’s employees and members of the public are provided with an avenue to raise genuine concerns and disclose any improper conduct at the earlier opportunity and in an appropriate manner.

#### OUR PERFORMANCE

Sustainability Indicator	Measurement Unit	FYE 2024
Corruption case reported and action taken	Number	Nil
Percentage of operations assessed for corruption -related risks	Percentage	Nil
Percentage of employees who received training on anti-corruption by category	Percentage	
1) Directors		Nil
2) Management		Nil

#### MM2 - SUPPLY CHAIN MANAGEMENT

Supply chain management is vital for Euro, as it directly influences operational efficiency, cost-effectiveness, and timely product delivery. By prioritizing ethical sourcing and compliance with sustainability standards, the company not only reduces potential risks and regulatory issues but also strengthens its reputation and build trust with stakeholders.

#### OUR APPROACH

The group's approach to supply chain management focuses primarily on maintaining relationships with existing customers. For new customers, it is recommended to conduct thorough trade checks and credit assessments using CTOS to evaluate their financial reliability and mitigate potential risks. This ensures a more secure and stable supply chain while fostering trust and reliability with new business partners.

## Sustainability Statement (cont'd)

### OUR PERFORMANCE

#### Local Suppliers

In FYE 2024, the company spent a total of RM88,309,575 on procurement, with 100% of this amount directed to local suppliers.

Sustainability Indicator	Measurement	FYE 2024
Proportion of spending on local suppliers	Percentage (%)	100%

### MM3 - ENERGY MANAGEMENT

The Group acknowledges that our energy consumption and greenhouse gas (GHG) emissions contribute to climate change. As a responsible corporate citizen, we recognize our duty to reduce our carbon footprint while embracing the opportunities that come with the transition to a low-carbon economy.

Effective energy management is essential in today's business environment, not only for cost efficiency but also for environmental sustainability. By optimizing energy use, we can reduce our carbon footprint, align with global sustainability goals, and strengthen our reputation with stakeholders. Furthermore, as energy costs increase and emission regulations tighten, strong energy management practices provide a crucial competitive advantage.

### OUR APPROACH

The Group is taking action to improve its energy management such as monitoring monthly energy bills and upgrading to energy-saving light bulbs. Moving forward, more extensive improvements like adding insulation, installing a reflective roof covering or improving HVAC (heating and cooling) equipment to optimize energy performance.

### OUR PERFORMANCE

On top of that, the Group is considering more elaborate activities, such as creating financial projections for commissioning renewable energy services and making other improvements for clean energy consumption and reduced energy costs in coming years.

#### Total Electricity Consumption

Sustainability Indicator	Measurement	FYE 2024
Total Electricity Consumption	kwh	305,183

### MM4 - WATER MANAGEMENT

Water resources are vital for preserving natural ecosystems and maintaining biodiversity. Proper management of these resources and improvements in water quality control are essential for ensuring the sustainable development of regional economies and supporting societal stability. Changes in water levels or pollution can negatively impact aquatic life, disrupting these ecosystems and threatening biodiversity.

### OUR APPROACH

The Group is uncompromising in ensuring the hazardous contents do not affect the public water system and has plan to build an industrial effluent treatment system ("IETS") at its new factory in Melaka, if need be, to facilitate 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").

Sustainability Statement  
(cont'd)

**OUR PERFORMANCE**

Sustainability Indicator	Measurement	FYE 2024
Total Volumes of Water Used	m <sup>3</sup>	21,006 m <sup>3</sup>

**MM5 - DIVERSITY, EQUAL OPPORTUNITY & NON-DISCRIMINATION**

Diversity, equal opportunity, and non-discrimination are core principles that fuel innovation, cultivate a positive workplace culture, and demonstrate a company’s dedication to social responsibility. By embracing these values, the company benefits from a wider range of perspectives, which promotes creativity and boosts employee morale. Additionally, it establishes the company as an inclusive, progressive organization, making it more attractive to a diverse pool of talent and a broader customer base.

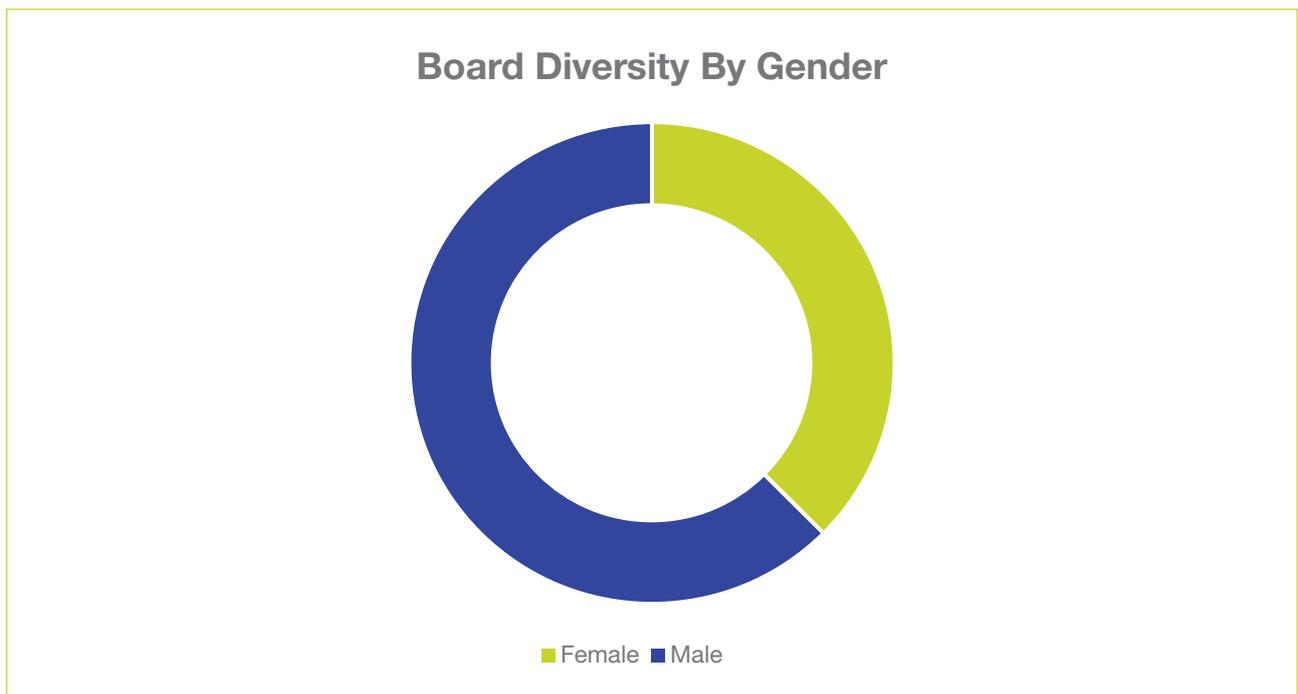
**OUR APPROACH**

Our approach to diversity, equal opportunity, and non-discrimination is both strategic and values-driven. We actively seek to create a workforce that reflects the diverse communities in which we operate. Recruitment processes are designed to be unbiased, focusing on skills and potential rather than background or identity. Training programs emphasize the importance of an inclusive workplace, educating employees about unconscious biases and promoting a culture of respect. We also set clear policies against any form of discrimination, ensuring a safe environment for all employees. Regular reviews and feedback mechanisms are in place to assess our progress and address any concerns. By championing these principles, we aim to be industry leaders in inclusivity, ensuring that every individual feels valued, heard, and empowered to contribute to our collective success.

We pledge to embrace diversity and provide equal opportunity to everyone irrespective of their gender, age, and ethnicity to uphold our standard as a non-discriminative employer. Diversity enhances expansion of ideas and sustenance of continued talents, skills, and experience.

**OUR PERFORMANCE**

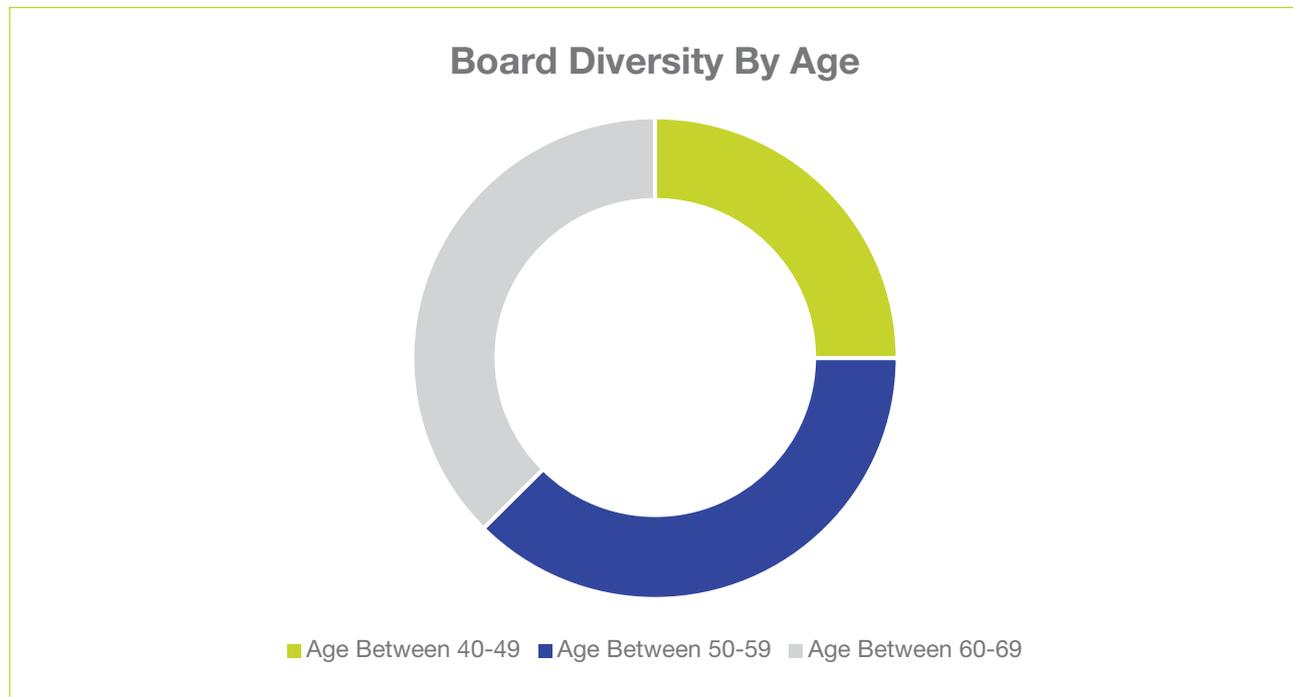
**Board of Directors Composition by Gender**



Sustainability Statement  
(cont'd)

**OUR PERFORMANCE (CONT'D)**

**Board of Directors Composition By Age**



**Employee Composition**

**Employee Composition by Gender**

Gender	Management	Executive	Assistant and Operation
Male	3	1	4
Female	6	2	0

Age	Management	Executive	Assistant and Operation
30 and below	0	0	0
31 to 49	6	2	3
50 and above	3	1	1

## Sustainability Statement (cont'd)

### MM6 - COMMUNITY INVESTMENT

Community investment is essential for a company as it fosters goodwill, strengthens stakeholder relationships, and contributes to the sustainable development of the regions in which the company operates. Engaging in community investment not only reflects corporate social responsibility but also can lead to long-term business benefits by creating a positive brand image, fostering loyalty, and facilitating smoother operations through community support.

#### OUR APPROACH

In the realm of community investment, our approach is holistic and collaborative. We actively engage with local communities to identify their needs and challenges. By partnering with local organizations and leaders, we ensure our investments are impactful and aligned with community aspirations. Our initiatives range from educational programs, infrastructure development, and healthcare projects to supporting local arts and culture. Regular feedback sessions with community members help us refine our strategies and ensure transparency. By intertwining our business growth with community development, we aim to create shared value, ensuring a prosperous future for both the company and the communities we serve.

There was no contribution to charities, non-profit organisation (“NGO”) and educational institutions across the region we operate in during the FYE 2024.

#### OUR PERFORMANCE

##### Community Investment Performance Data

Sustainability Indicator	Measurement	FYE 2024
Total community investments	RM	Nil
Total number of beneficiaries of the investments in community	Number of beneficiaries body	Nil

### MM7 - HEALTH AND SAFETY

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.

#### OUR APPROACH

The Group views employees’ safety and health as a significant business concern and has put in place tight process and controls to manage this risk. The Group 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. Employees are also trained to use fire extinguishers to cater for any emergency fire situations

## Sustainability Statement (cont'd)

### OUR PERFORMANCE

#### Work Related Injuries

Sustainability Indicator	Measurement	FYE 2024
Total Hours Worked	No. of Hours	2,137
Number of Fatalities	No. of Fatalities	Nil
Number of Lost Time Injuries	No. of Reported Injuries	
Lost Time Incident Rate ("LTIR")	Rate	Nil

We are delighted to confirm that there were no cases of non-compliance to Occupational Health and Safety regulations for FYE 2024. We are determined to maintain this record for years to come.

### MM8 - LABOUR PRACTICE

Euro recognizes that labour practices are fundamental to the success of any business, as they directly impact employee well-being, productivity, and the overall health of the organization. Ensuring fair, ethical, and compliant labour practices, in line with both local and international standards, is essential to fostering a positive workplace culture and maintaining a strong reputation.

The Group acknowledges its responsibility to protect employees' rights and welfare, ensuring they are treated fairly. The Group is dedicated to creating a work environment that is respectful, engaging, and collaborative. As a responsible employer, the Group is committed to upholding the welfare of foreign workers and supporting employees' rights to freedom of association and collective bargaining. To further support our employees, we organize engagement activities that promote a healthy work-life balance, enhance team communication and collaboration, and boost morale and productivity.

### OUR APPROACH

Our Group understands that our employees are our key assets who are vital to our business operations and the success of our Group and as such we are committed to maintain a safe and conducive workplace for our employees. This involves putting in place initiatives to ensure our employees physical and mental wellbeing.

Our strategies for addressing social sustainability issues are as follows:-

#### (a) Training and development

We are cognisant of the need to continuously train and develop our employees to nurture them. We provide on-the-job training to our employees to keep them up to date with the skills and knowledge required to enhance their competencies.

We also allocate training budget and plan training courses for our employees development based on their training needs. Further, our Group has also established a training requisition form should our employees request for participation in additional training programme to improve on their skill sets.

#### (b) Employee wellbeing

The Group believes that it is important to foster a positive workplace that leads to healthy and motivated employees as it helps them thrive and further contribute to our Group.

The accommodation provided to our local and foreign workers in Malaysia are in compliance with minimum requirements as set out under the relevant regulations.

We also organise activities such as celebration lunches and dinners during festive occasions to reward our employees.

## Sustainability Statement (cont'd)

### OUR PERFORMANCE

We will intensify our efforts to manage human rights in order to achieve the target of zero substantiated complaints regarding human rights violations.

Sustainability Indicator	Measurement	FYE 2024
Overall Employee Turnover Rate	Percentage (%)	23.81
Number of employee turnover by employee category	Number	
Director		1
Management		4
Proportion of contract/temporary staff	Percentage (%)	Nil
Number of substantiated complaints concerning human rights violations	Number	Nil
Training hours by employee category	Hours	60
a) Director		
b) Management		
Average training hours per employee	Hours	2.86
Amount spent for training and development	RM	14,915.00

### MM9 - DATA PRIVACY AND SECURITY

In today's digital era, prioritizing data privacy and cybersecurity is essential for businesses, as the impact of cyberattacks and data breaches can be both financially damaging and harmful to a company's reputation. Complying with robust data protection regulations is not only a legal necessity but also provides a competitive edge. As customers become more aware of privacy concerns, Euro's dedication to protecting sensitive information strengthens stakeholder confidence, ensures operational continuity, and supports long-term growth in the digital environment.

### OUR APPROACH

The group's approach to managing data privacy and cybersecurity involves implementing well-defined policies and leveraging outsourced IT management services to handle critical infrastructure like server management. By outsourcing IT services, Euro ensures that experienced professionals manage their servers, providing expert monitoring, maintenance, and security. This strategic move not only optimizes operational efficiency but also reinforces data protection efforts by relying on specialized service providers who stay updated on the latest cybersecurity threats and best practices. Such an approach helps the group maintain compliance with data protection regulations while mitigating risks related to cyberattacks and breaches.

### OUR PERFORMANCE

As of FYE 2024, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

Sustainability Indicator	Measurement Unit	FYE 2024
Number of substantiated complaints concerning breaches in customer privacy or data loss	Number	Nil

### OUR WAY FORWARD

Looking ahead, our mission remains focused on integrating Environmental, Social, and Governance (ESG) principles into every aspect of our furniture manufacturing processes. We are committed to sourcing sustainable materials, reducing our carbon footprint, and promoting ethical labour practices across our supply chain. By leveraging innovative technologies and eco-friendly production methods, we aim to create products that are not only durable and stylish but also environmentally responsible.

As we embark on this journey, we are driven by a sense of purpose—delivering value to our customers while contributing to the well-being of the communities we serve. With the continued support of our stakeholders, employees, and partners, we are confident that our efforts will result in a more sustainable and responsible future for the furniture industry, ensuring long-term success for both our business and the environment.

## Sustainability Statement (cont'd)

The performance data table from Bursa Malaysia's ESG Reporting Platform is presented below:

Indicator	Measurement Unit	2024
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management/Executive	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	305.18
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	21.006000
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management 30 and below	Percentage	0.00
Management 31-49	Percentage	66.67
Management 50 and above	Percentage	33.33
Executive 30 and below	Percentage	0.00
Executive 31-49	Percentage	66.67
Executive 50 and above	Percentage	33.33
Assistant and Operation 30 and below	Percentage	0.00
Assistant and Operation 31-49	Percentage	75.00
Assistant and Operation 50 and above	Percentage	25.00
Gender Group by Employee Category		
Management Male	Percentage	33.33
Management Female	Percentage	66.67
Executive Male	Percentage	33.33
Executive Female	Percentage	66.67
Assistant and Operation Male	Percentage	100.00
Assistant and Operation Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	37.50
Female	Percentage	62.50
Age between 40-49	Percentage	25.00
Age between 50-59	Percentage	37.50
Age between 60-69	Percentage	37.50
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	0
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Directors	Hours	60
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	4
Director	Number	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance    External assurance    No assurance

(\*)Restated

# 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 of the Company’s corporate governance practices during the financial year ended 30 June 2024 (“**FYE 2024**”) 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 for overseeing and ensuring 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, overseeing the business operations of the Group and 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 compliance 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;
- monitoring other material reporting and external communications by the Group;

## Corporate Governance Overview Statement (cont'd)

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

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

- 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 a Board Charter that sets out a list of specific roles and functions reserved for the Board and other matters important for good corporate governance. The Charter also states that the Board shall observe the Directors' Code of Best Practice.

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

#### Code of Conduct and Ethics

The Board, in discharging its oversight role, conducts its business in observation with the Company's Code of Conduct and Ethics for Directors. A summary of the Code of Conduct and Ethics is available on the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

The Code of Conduct and Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

- To establish a standard of conduct and ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors;
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company; and
- To manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

The Code of Conduct and Ethics was last reviewed and adopted by the Board on 24 October 2024

#### Strategies promoting sustainability

The Board practices good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance and value creation for its shareholders. On 27 May 2024, the Board established the Risk Management & Environmental, Social and Governance Committee ("RMESG") and the composition is as follows:

Chairman – Yip Kit Weng, Independent Non-Executive Director  
Member – Datuk Haji Azmi Bin Hussain, Independent Non-Executive Director  
Member – Chua Yeow Fatt, Independent Non-Executive Director

The Company continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and sustainability agenda during FYE 2024 as reported in the Sustainability Statement on pages 14 to 30 of this Annual Report 2024.

## Corporate Governance Overview Statement (cont'd)

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

#### **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 was last reviewed and adopted by the Board on 24 October 2024 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).

#### **Directors' Fit & Proper Policy**

The Board established the Directors' Fit & Proper Policy to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharging of their responsibilities in the most effective manner. The said Policy is also applied to the appointment of the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

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 eight (8) members, one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Group Deputy Managing Director, one (1) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The current board composition complies with Paragraph 15.02 of the MMLR of Bursa Securities and Practice 5.2 of the MCCG, which recommends that at least 50% of the board consists of independent non-executive directors to ensure balanced decision-making and effective oversight.

Additionally, the Board has met the requirement of Practice 5.9 of the MCCG, which stipulates that at least 30% of the directors should be women. Presently, the Board has three (3) women directors, representing 37.5% of the total board composition.

The Board believes that its current composition and size are sufficient to effectively discharge its duties and responsibilities. The Board members bring diverse professional and entrepreneurial backgrounds, as well as a range of skills and experiences. The Independent Non-Executive Directors contribute essential checks and balances, ensuring an objective and independent evaluation of the Board's decision-making process.

The Board recognises the importance of maintaining a clear division of roles and responsibilities at the top of the Group to ensure a proper balance of power and authority. The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and effective functioning of the Board. Meanwhile, the Executive Directors are focused on setting the business direction, overseeing the development of the operating units, and ensuring organisational effectiveness. They are also tasked with implementing the Board's policies and decisions, while the management team manages 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 seven (7) board meetings were held and the details of each Directors' attendance are set out as follows:

Name of Directors	Attendance	Percentage
LT Gen (R) Dato' Sri Sabri bin Adam	7/7	100%
Dato' Sri Lim Teck Boon (resigned on 1 November 2023)	2/2	100%
Datin Sri Ong Lely (appointed on 1 November 2023)	5/5	100%
Datuk Lim Sze Way	7/7	100%
Yong Teck Wee (appointed on 9 May 2024)	3/3	100%
Tan Poh Ling	7/7	100%
Chua Yeow Fatt	7/7	100%
Datuk Haji Azmi bin Hussain	7/7	100%
Yip Kit Weng	7/7	100%

The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities. This is demonstrated by among others, the satisfactory attendance and time spent by the Directors at the Board and Board Committees meetings during the financial year. Currently, all Directors of the Company held less than five (5) directorships in other listed companies.

#### Supply of Information

All Directors are provided with complete and timely information ahead of each Board meeting, along with an agenda and a comprehensive set of Board papers. These papers include details on financial, operational, and corporate matters. The Board papers are circulated in advance, allowing the Directors to seek further clarification, if necessary, to ensure they are adequately briefed before the meeting.

All Directors, whether acting as an entire Board or in their individual capacity, have access to the advice and support of the Company Secretaries and management staff. When deemed necessary, the Board may also engage the services of Independent Professional Advisors on specialised matters to assist them in carrying out their duties effectively.

#### Appointment of Directors

The Nomination Committee ("NC") was established in February 2005 and on 27 May 2024, the Board has approved the merger of the NC and the Remuneration Committee into a new Board Committee known as the Nomination and Remuneration Committee "NRC" which aimed to improve the efficiency and effectiveness of the Board in discharging its duties.

The NRC is responsible for recommending suitable candidates to the Board for appointment as new Directors. In making these recommendations, the NRC takes into account factors such as the mix of skills, experience, expertise, and the candidate's potential contribution to the Company. These factors are carefully evaluated before any recommendation for appointment is submitted to the Board for consideration and approval.

The following new Directors were appointed during the FYE 2024:

- a) Datin Sri Ong Lely as Group Managing Director on 1 November 2023; and
- b) Yong Teck Wee as Executive Director of the Company on 9 May 2024.

## 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 at least once every three (3) years and are eligible for re-election. The Constitution also requires that at least one-third (1/3) of the Board of Directors retire at each Annual General Meeting and may offer themselves for re-election.

Based on the result of the assessment, the NRC has recommended to the Board the re-election of the following Directors who are retiring at the Company's forthcoming 20th AGM pursuant to the Constitution of the Company:

- a) Tan Poh Ling pursuant to Clause 105(1) of the Company's Constitution;
- b) Datuk Lim Sze Way pursuant to Clause 105(1) of the Company's Constitution; and
- c) Yong Teck Wee pursuant to Clause 114 of the Company's Constitution.

The NRC collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors. The NRC had also conducted the fit and proper assessment on the abovementioned Directors and was satisfied with the outcome of the assessments.

The resolution for the re-election of each Director is voted separately at the forthcoming 20th AGM.

#### Continuing Education Programme

All Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") and are aware of the requirements of the Continuing Education Programme prescribed by the MMLR of Bursa Securities.

All the Directors have attended the MAP prescribed by Bursa Securities for directors of public listed companies except for MAP part II in relation to sustainability and the related roles of a Director which shall be attended by all the existing Directors on or before 1 August 2025 based on the amendments to the MMLR of Bursa Securities. The Directors will continue to undergo other relevant training sessions to further enhance their knowledge in the latest statutory and regulatory developments as well as to keep abreast with development in the business environment to enable them to discharge their responsibilities efficiently.

The Directors have attended the following trainings during the FYE 2024:

Name of Director	Date of Training	Trainings
Yip Kit Weng	13/7/2023	The future of payments landscape
	21/7/2023	Asia School of Business- Wee Siew Kim (Chairman of NIPSEA): Leading with Impact: Uniting, Empowering, and Igniting
	1/8/2023	Navigating Fixed Income Markets: The Role of Credit Research in Investment Success"
	22/8/2023	Advocacy Session for Directors and CEOs of Main Market Listed Issuers
	21/9/2023	Underground Economy In Malaysia: How bad is it?
	6/10/2023	What Amounts to a Conflict of Interest By Directors
	13/10/2023	Corporate Venture Capital Programme - Getting the Board on Board
	18 - 20/10/2023	CPA Congress 2023 : Flex Forward
	12/3/2024	Legal Perspective on Managing Employer and Employee Relationships
	27/3/2024	Unclaimed Money Act, 1965
	30/4/2024	The AI Effect on Accountants : For Better or Worse
26/5/2024	Sustainability for Corporate Directors: A Prerequisite	

## Corporate Governance Overview Statement (cont'd)

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

#### Continuing Education Programme (Cont'd)

Name of Director	Date of Training	Trainings
Chua Yeow Fatt	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
Lt. Gen (R) Dato' Sri Sabri Bin Adam	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
Datuk Haji Azmi Bin Hussain	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
Tan Poh Ling	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
	3/9/2023	SMP FORUM 2023
	10/10/2023	Performing An ISAudit - Module 2 (ISA 300 & ISA 315)
	24/10/2023	Case studies in Revenue Recognition
	07/12/2023	Preparing MPERS Compliant Financial Statements
Datin Sri Ong Lely	30/1/2024 31/1/2024	Mandatory Accreditation Programme
	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
	12/7/2024	E-Invoicing Full Day Workshop – Latest Requirements & Essentials of Implementation
	04/10/2024	Patent 2 Profit
Datuk Kenix Lim Sze Way	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
	12/7/2024	E-Invoicing Full Day Workshop – Latest Requirements & Essentials of Implementation
	04/10/2024	Patent 2 Profit
Yong Teck Wee	26/5/2024 27/5/2024	Sustainability for Corporate Directors: A Prerequisite
	12/7/2024	E-Invoicing Full Day Workshop – Latest Requirements & Essentials of Implementation
	14/8/2024 15/8/2024	Mandatory Accreditation Programme (MAP)

#### Tenure of Independent Directors

Practice 5.3 of the MCGG states that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years in the same capacity, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Pursuant to the definitions in the MMLR of Bursa Securities, an Independent Director shall be one who has not served as an Independent Director in the Company or any of the companies in the Group for a cumulative period for more than twelve (12) years from the date of his/her first appointment as an independent director.

During the FYE 2024, none of the Independent Directors were served the Board exceed tenure of nine (9) years.

#### Nomination and Remuneration Committee

The Nomination Committee ("NC") was established in February 2005 and on 27 May 2024, the Board has approved the merger of the NC and the Remuneration Committee into a new Board Committee known as the Nomination and Remuneration Committee "NRC" which aimed to improve the efficiency and effectiveness of the Board in discharging its duties.

The NRC is responsible for recommending suitable candidates to the Board for appointment as new Directors. In making these recommendations, the NRC takes into account factors such as the mix of skills, experience, expertise, and the candidate's potential contribution to the Company. These factors are carefully evaluated before any recommendation for appointment is submitted to the Board for consideration and approval.

## Corporate Governance Overview Statement (cont'd)

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

#### Composition and Meeting Attendance

The NRC comprises three (3) members, all of whom are Non-Executive Director and majority of whom are Independent Directors, which complies with the requirements of the MMLR of Bursa Securities. The composition of the NRC is as follows:

	<b>Name of NRC</b>	<b>Designation</b>
Chairman	Datuk Haji Azmi Bin Hussain (appointed on 28 November 2023)	Independent Non-Executive Director
Member	Yip Kit Weng (appointed on 27 May 2024) Chua Yeow Fatt	Independent Non-Executive Director Independent Non-Executive Director

Prior to the merging of the NRC on 27 May 2024, the NC met on 25 October 2023 were attended by the Chairman and the NC during their tenure. The Managing Director and Executive Directors attends the NC meeting to facilitate discussions, as well as to provide the appropriate information and advice on relevant matters for the NC.

All proceedings of the NC meeting is duly recorded in the minutes and are properly kept by the Company Secretary.

The revision of the Terms of Reference ("TOR") of the NRC has been adopted by the Board on 24 October 2024 and the said TOR can be viewed at the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

A summary of the activities carried out the NC/NRC during the FYE 2024 are as follows:

- a) Reviewed and assessed the Board structure, size, composition and diversity as well as the Board's and individual Directors' required mix of skills, experience and other qualities.
- b) Reviewed and assessed the effectiveness of the Board, Committees of the Board and the contribution of each individual Director.
- c) Reviewed and assessed the Directors' standing for re-election and re-appointment and recommended the same to the Board for consideration.
- d) Reviewed the term of office and performance of the Audit Committee and its members and was satisfied that the Audit Committee had carried out its duties in accordance with its Terms of Reference.
- e) Reviewed and recommended to the Board the appointment of Mr Yip Kit Weng as Independent Non-Executive Director on 14 July 2023, Datin Sri Ong Lely as Group Managing Director on 1 November 2023 and Mr Yong Teck Wee as Executive Director on 9 May 2024.

The NRC has implemented a formal and transparent selection process for the identification of new Directors, which includes assessment of ideal composition of the Board, and the suitability of the candidate in meeting the needs of the Board and the Company.

Similarly, the appointment of Directors to the board committees would be made under a similar formal and transparent process, taking into account the Director's competencies, commitment and ability to contribute effectively.

The Board acknowledges that gender diversity is one of the key attributes to an effective and balance board. At the moment, the Board has three (3) women directors out of eight (8) Board members, ie 37.5% female Board representation and the Board is of the opinion that the current composition is balanced and effective, with a good mix of skills and experience from the different background of both Executive and Non-Executive Directors.

## Corporate Governance Overview Statement (cont'd)

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

#### Board and Board Committee Evaluation

The Directors are required on a yearly basis to complete a self-assessment performance evaluation form and the NRC carried out the annual evaluation to determine the effectiveness of its board, board committees and the individual directors by way of self and peer evaluation. The criteria used, amongst others:

- a) for the annual assessment of individual Directors include an assessment of their roles, duties responsibilities, competency and contribution considering conflict if any;
- b) for the Board and Board Committees include composition, structure, accountability, responsibilities and compliance as well as governance.

In respect of the assessment for FYE 2024, the NRC reviewed the annual evaluation, its committees and each individual director. The Board was satisfied with the outcome of the evaluation and was of the view that the evaluation was adequate to determine the overall effectiveness of the Board and individual directors.

Generally, the Directors were satisfied with the performance of the Board as a whole. The Directors' peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during FYE 2024. Each member was satisfied with each other's contribution in sharing their insights and active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities as per the terms of reference.

### III. REMUNERATION

The Remuneration Committee ("RC") was established in February 2005 and on 27 May 2024, the Board has approved the merger of the NC and the RC into a new Board Committee known as "NRC" which aimed to improve the efficiency and effectiveness of the Board in discharging its duties.

The NRC 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).

During the FYE 2024, one (1) meeting was held and attended by all members. The summary activities carried out by the RC during the FYE 2024 are as follows:

- Reviewed and recommend to the Board for approval on the fees and meeting allowances of the Non-Executive Directors.

The Company has remuneration policies and procedures to determine the remuneration of Directors and Senior Management. The Executive Directors' remunerations are designed to link rewards to the Company's and individual's performances whilst the remunerations of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed. The Directors' remunerations are in line with the market expectation and competition to retain and attract talents.

The Executive Directors do not take part in the decision on their own remuneration. Likewise, the remuneration of the Non-Executive Directors is a matter for the Board as a whole, with individual Director abstaining from the discussion of their own remuneration.

Based on the assessment carried out for FYE 2024, the Board is satisfied that the RC had fulfilled its role and discharged its duties effectively.

The breakdown of detailed Directors' Fees and other benefits paid during FYE 2024 is disclosed in the Corporate Governance Report which is accessible to the public for reference at the Company's website at [www.euroholdings.com.my](http://www.euroholdings.com.my).

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

The Audit Committee (“AC”) comprises three (3) Independent Non-Executive Directors. The Chairman of the AC, Mr Chua Yeow Fatt is a member of Malaysian Institute of Accountants. The other members are Datuk Azmi bin Hussain and Mr Yip Kit Weng.

The composition and details of activities carried out by the AC during the FYE 2024 are set out in the Audit Committee Report of this Annual Report 2024.

#### External Auditors

The Board has established a transparent relationship with the External Auditors through AC, which has been accorded the authority to communicate directly with the external auditors. The External Auditors in turn are able to highlight matters which require the attention of the Board to the AC in terms of compliance with the accounting standards and other related regulatory requirements.

The AC undertakes annual assessment of the suitability and independence of the External Auditors. The factors considered by the AC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the External Auditors, the fees and the independence of the level of non-audit services rendered to the Group.

The AC is satisfied with Messrs. ChengCo PLT, the external auditors’ confirmation of independence and their conduct of the audit. These confirmations were made pursuant to By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The AC had on 24 October 2024 conducted an assessment on the suitability and independence of the External Auditors. Based on the assessment, the AC was satisfied with Messrs. ChengCo PLT competency, experience and independence. The Board, based on the AC’s recommendation, would be tabling the re-appointment of Messrs. ChengCo PLT as the External Auditors of the Company at the forthcoming 20th AGM.

#### Risk Management and Internal Control

The information concerning the Group’s risk management strategies and internal controls is provided in the Statement on Risk Management and Internal Control, which is available on pages 43 to 46 of this Annual Report 2024.

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

#### Investor Relations and Shareholder Communication

The Board acknowledges the importance of transparency and timely communication with shareholders and other stakeholders. To ensure that all important issues and developments are communicated effectively, the Company provides information through several key documents:

- Annual Report
- Disclosures and announcements made to Bursa Securities, which are also published on the Company’s website. These include Quarterly Reports and Annual Financial Statements. Shareholders can access the Company’s latest announcements via the Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) and the Company’s website at [www.euroholdings.com.my](http://www.euroholdings.com.my).
- Circulars to Shareholders

## Corporate Governance Overview Statement (cont'd)

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **Shareholders' Participation at General Meetings**

In adherence to the Guidelines and FAQs on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia, the 19th AGM held on 5 December 2023 and EGM held on 28 April 2023 respectively (or collectively "General Meetings") of the Company were held on a fully virtual basis through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting ("RPV") facilities provided by Agmo Digital Solutions Sdn Bhd ("AGMO"). By leveraging the technology provided by AGMO, shareholders were able to cast their votes in absentia and attend the meeting remotely in a secure online environment.

All the Directors had attended and Senior Management except LT Gen (R) Dato' Sri Sabri bin Adam, who was absent with apologies the General Meetings. Shareholders were provided with an opportunity to participate in the questions and answers session at which Shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's business and affairs. All the resolutions tabled were approved and passed by its shareholders.

#### **COMPLIANCE STATEMENT**

The Board has reviewed and approved this statement, believing it provides shareholders with the necessary information to evaluate how the MCCG has been implemented. The Board is confident that the Group has complied with the MCCG, the MMLR, and all relevant laws and regulations throughout the FYE 2024.

This statement is made in accordance with a resolution of the Board of Directors dated 24 October 2024.

## 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 year ended 30 June 2024 (“FYE 2024”).

### COMPOSITION

The present members of the AC comprising of:

- Chairman – Chua Yeow Fatt, Independent Non-Executive Director
- Member – Yip Kit Weng, Independent Non-Executive Director (*Appointed on 26 October 2023*)
- Member – Datuk Haji Azmi Bin Hussain, Independent Non-Executive Director

Past AC member:

- Mr Chan Yok Peng, Independent Non-Executive Director (*Ceased as a Member on 11 July 2023*)
- Lt Gen (R) Dato’ Sri Sabri bin Adam (*Ceased as a Member on 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

A total of seven (7) meetings were held during the FYE 2024. The attendance records of the meetings are as follows:

Name	Attendance	Percentage of attendance
Chua Yeow Fatt	7/7	100%
Datuk Haji Azmi bin Hussain	7/7	100%
Yip Kit Weng (Appointed on 26 October 2023)	5/5	100%

The meetings were conducted openly and constructively, encouraging focused discussions, questioning, and expressions of differing opinions. The Group Managing Director, Group Deputy Managing Director, Chief Financial Officer (“CFO”), and Senior Management, if required, were invited to attend all meetings, and the Company Secretary recorded the minutes.

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities undertaken by the AC during the FYE 2024 were as follows:

- a) Reviewed four (4) quarterly Interim Financial Reports presented by Management to ensure compliance with disclosure requirements of approved Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards, the Companies Act 2016, the Listing Requirements, and other statutory and regulatory requirements. The AC then recommended the reports to the Board for consideration, approval, and subsequent announcement to Bursa Securities. The AC also sought clarifications from Management on the Group’s performance as needed.
- b) Reviewed annual Audited Financial Statements presented by Management in the presence of the External Auditors to ensure compliance with disclosure requirements of MFRSs, IFRS Accounting Standards, the Companies Act 2016, Listing Requirements, and other statutory and regulatory requirements. The AC also resolved any contentious issues before recommending the Audited Financial Statements to the Board for consideration, approval, and subsequent announcement to Bursa Securities and distribution to shareholders.
- c) Reviewed and recommended for the Board’s approval the Statement on Risk Management and Internal Control and AC Report for inclusion in the Annual Report 2024.
- d) Reviewed the recurrent related party transactions entered by the Group and ensured that the transactions under the shareholders’ mandate were within the threshold as set and in accordance with the mandate obtained from the shareholders.
- e) Reviewed the Circular to Shareholders in relation to the Proposed Renewal of the Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

## Audit Committee Report (cont'd)

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

- f) Discussed and reviewed the audit fees of the External Auditors and made recommendations to the Board for approval.
- g) Reviewed and discussed with the External Auditors the AC Report for the financial year ended 30 June 2024 and the Audit Planning Memorandum for the financial year ended 30 June 2024 and recommended the same for the Board's notation.
- h) The assessment of the External Auditors was conducted by completing the evaluation form as guided by the Corporate Governance Guide on Evaluation of External Auditors Performance. The AC had, with the assistance from the Management, assessed the performance, suitability and independence of Messrs. ChengCo PLT ("ChengCo PLT") and recommended that ChengCo PLT be re-appointed as the External Auditors of the Company;
- i) Reviewed and discussed with the Internal Auditors, the Internal Audit Report on the review of Inventory Management, including the management action plans based on the recommendation highlighted by the Internal Auditors before updating the Board.
- j) Assessed the performance of the Internal Auditors. The AC was satisfied with the performance, adequacy of the scope, functions, competency and resources of the Internal Auditors and that it has the necessary authority to carry out its work.

### INTERNAL AUDIT FUNCTION

#### SUMMARY OF INTERNAL AUDIT ACTIVITIES

For FYE 2024, the Internal Auditors conducted the following activities:

- developed and presented the Internal Audit Plan for review and approval by the AC. This plan guided the execution of internal audit activities throughout the financial year;
- conducted internal audits based on the approved plan, assessing the effectiveness of internal controls of critical business processes and assessed the efficacy and adequacy of the existing state of internal control of the subsidiaries, identified risks and internal control gaps, and recommended possible improvements to the internal control process;
- performed follow-up reviews on previously identified issues, ensuring that management addressed outstanding recommendations;
- issued comprehensive Internal Audit Report to the AC. These reports detailed audit findings, weaknesses identified in systems and controls, and corresponding management responses; and presented the Internal Audit Report to the AC for review and discussion.

#### RELATED PARTY TRANSACTIONS AND CONFLICT-OF-INTEREST

The AC annually reviews procedures for identifying, monitoring, reporting, and reviewing related party transactions ("RPTs"), recurrent RPTs ("RRPTs"), and potential conflict-of-interest ("COI") situations. On a quarterly basis, the AC reviews RPTs that occurred within the Company and the Group during the financial year, including revenue and trading-related RRPTs. It also assessed potential COI situations.

The AC is satisfied that:

- procedures are sufficient to ensure RPTs are conducted at arm's length, on terms no more favourable to related parties than those available to the public, and not detrimental to minority shareholders;
- the Group has adequate procedures for timely and orderly identification, monitoring, tracking, and reporting of RPTs and RRPTs;
- no COI situations arose, persisted, or may have arisen during the financial year that required resolution, elimination, or mitigation measures; and
- the Directors and Senior Management have given declarations to the Company that they are not involved in any COI situations, actual and potential, during the financial year.

# 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 year ended 30 June 2024.

## 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.

## 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 2024, the Internal Auditor reviewed and reported on the following :-

Reported on	Company/ies	Audited Area
February 2024	Euro Holdings Berhad and its subsidiaries	Inventory Management
October 2024	Euro Holdings Berhad and its subsidiaries	Information Technology

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 financial year ended 30 June 2024 was RM28,000.

### 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

On 27 May 2024, Euro established and announced a Risk Management & Environmental, Social and Governance Committee (“RMESGC”) which comprise of the following members :-

Name of Member	Designation
Yip Kit Weng	Chairman
Datuk Haji Azmi Bin Hussain	Member
Chua Yeow Fatt	Member

The objective of establishment of the RMESGC is to oversee the risk management and Environmental , Social and Governance (“ESG”) process within the Group.

As encapsulated in the RMESGC Terms of Reference, the responsibilities of the Committee under Risk Management are as follows :-

- Oversee the Risk Management framework and policies of the Group. In doing this, the Committee is to identify for the Board’s determination the Group’s level of risk tolerance and to actively identify, assess and monitor key business risks of the Group;
- Ensure alignment of Risk Management strategies and culture with the Group’s business objectives;
- Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to Management and the Board;
- Ensure that a comprehensive Risk Management approach is in place to identify risks, communicate risk interrelationships and manage risk profiles across the organisation;
- Ensure that key risks are effectively managed in accordance with the Group’s Risk Management strategies and policies;
- Evaluate how the Management is reviewing the principal business risks and assess the appropriateness of the mechanisms in place to identify, prevent and minimise these business risks;
- Ensure an appropriate system is established to identify and report on areas of potential business risk in sufficient time in order for remedial actions to be taken;
- Recommend to the Board its findings and propose actions to be taken to ensure controls are put in place to address these risks. In this context, business risks include all risks (i.e. external/strategic risks and also internal operational, financial, compliance risks) which, due to their nature, can deter the business from achieving its strategic goals; and
- Ensure that there are adequate resources to support the Group’s Risk Management function in fulfilling its responsibilities.

### ASSURANCE TO THE BOARD

In accordance with the assessment of the Group’s systems of internal control, the Board is of the view that the risks undertaken by the Group were within tolerable levels in the context of the business environment the Group operates in.

During the year under review, a number of improvements to internal controls were identified by the Internal Auditors and certain recommendations are addressed. Nothing has come to the attention of the Board which could result in any material losses, contingencies or uncertainties that would require separate disclosure.

The Board has received assurance from the Group Managing Director, Group Deputy Managing Director and the Executive Directors that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects for the financial period under review.

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

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in the Annual Report of the Company for the financial year ended 30 June 2024 pursuant to the scope set out in Audit and Assurance Practice Guide 3 (“AAPG 3”), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report as issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Company, in all material respect:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out; or
- b) is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system, including the assessment and opinion by the Directors and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy those problems.

### 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

The following information is provided in accordance with Chapter 9.25 of the MMLR of Bursa Securities as set out in Appendix 9C thereto:

### 1. UTILISATION OF PROCEEDS

#### 30% Private Placement

The Company had on 28 April 2023 obtained the shareholders' approval for the Proposed Private Placement of up to 264,570,000 new Euro Shares, representing 30% of Euro Shares in issue (excluding any Treasury Shares). 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.

On 27 September 2023, the Company has allotted and issued 220,475,000 new ordinary shares at an issue price of RM0.065 per share as the first tranche of the Company's Private Placement.

On 4 April 2024, the Company has allotted and issued 44,095,000 new ordinary shares at an issue price of RM0.043 per share as the final tranche of the Company's Private Placement.

As of 30 September 2024, the details of the utilisation of proceeds raised from the 30% Private Placement, are disclosed in the table below: -

Purposes	Proposed Utilisation ('000)	Actual Utilisation Up to 30.09.2024 ('000)	Balance as at 30.09.2024 ('000)	Intended timeframe
Repayment of borrowings	4,000	4,000	-	Fully utilised
Working capital	11,837	11,837	-	Fully utilised
Estimated expenses in relation to the Proposals	390	390	-	Fully utilised
Total	16,227	16,227	-	

### 2. AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2024, 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)
Audit Services Rendered	70,000	195,000
Non-Audit Services Rendered		
(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 year ended 30 June 2024 involving Directors, Chief Executive Officer and major shareholders.

## Additional Compliance Information (cont'd)

### 5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPTs”)

The existing shareholders’ mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature (“Shareholders’ Mandate”) which is necessary for its day-to-day operations shall expire at the conclusion of the forthcoming 20th Annual General Meeting and is subject to renewal by the shareholders at the said AGM.

The aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the FYE 2024 is as follows:

Transacting Parties in Euro Group	Nature of Transaction	Nature of relationship	Mandated Related Party	Value of Transaction in FYE 2024
Euro Group (Recipient)	Rental of four (46) forklifts Rental of 2 reach trucks	Datin Sri Ong is the spouse of Dato’ Sri Lim who is a major shareholder of Euro via his direct shareholdings of 0.13% and indirect shareholdings of 38.30% in Euro.  Dato’ Sri Lim is a director and shareholder of SPPSB with shareholding of 95% in SPPSB.	Supreme Power Performance (M) Sdn Bhd (“SPPSB”) (Provider)	RM214,800
Euro Group (Tenant)	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	Datin Sri Ong is the spouse of Dato’ Sri Lim who is a major shareholder of Euro via his direct shareholdings of 0.13% and indirect shareholdings of 38.30% in Euro.  Dato’ Sri Lim is a director and shareholder of IASB with shareholding of 99% in IASB and remaining of 1% held by his father, Dato’ Lim Chaw Teng, who is also a director in IASB.	Imponotive Auto Sdn Bhd (“IASB”) (Landlord)	RM2,616,214
Euro Group (Tenant)	Rental of 1 block of single-storey factory and 3 blocks of single-storey warehouse on part of that piece of land held under PN 65466, Lot No. 20111, Mukim of Cheng, District of Melaka Tengah, State of Melaka bearing the postal address of Lot No. 19400-1, Jalan TTC 12, Taman Teknologi Cheng 75250 Cheng, Melaka	Datin Sri Ong is the spouse of Dato’ Sri Lim who is a major shareholder of Euro via his direct shareholdings of 0.13% and indirect shareholdings of 38.30% in Euro.  Dato’ Sri Lim is a director and Shareholder of SPASB with shareholding of 100% in SPASB.	Supreme Power Auto Sdn. Bhd (“SPASB”) (Landlord)	RM2,733,087

## **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 year ended 30 June 2024. In preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2024, 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 24 October 2024.

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## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

### 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 year.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net loss for the financial year	<u>(20,254)</u>	<u>(20,333)</u>
Attributable to:		
Owners of the Company	(20,218)	(20,333)
Non-controlling interests	<u>(36)</u>	<u>-</u>
	<u>(20,254)</u>	<u>(20,333)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year 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 period. The directors do not recommend the payment of any dividend in respect of the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has increased its issued and paid-up ordinary shares from 1,063,397,100 units to 1,327,967,100 units by way of the following:

- (a) On 26 September 2023, issued 220,475,000 new ordinary shares through private placement at an issue price of RM0.065 per ordinary share for working capital purposes.

## DIRECTORS' REPORT (cont'd)

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

During the financial year, the Company has increased its issued and paid-up ordinary shares from 1,063,397,100 units to 1,327,967,100 units by way of the following: (Cont'd)

- (b) On 2 April 2024, issued 44,095,000 new ordinary shares through private placement at an issue price of RM0.043 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 year to take up any unissued shares of the Company.

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

### DIRECTORS

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

Datin Sri Ong Lely\* (Appointed on 1 November 2023)  
Datuk Lim Sze Way  
Tan Poh Ling  
Lt Gen (R) Dato' Sri Sabri Bin Adam  
Datuk Haji Azmi Bin Hussain  
Chua Yeow Fatt  
Yip Kit Weng (Appointed on 14 July 2023)  
Yong Teck Wee (Appointed on 9 May 2024)  
Chan Yok Peng (Resigned on 11 July 2023)  
Dato' Sri Lim Teck Boon (Resigned on 1 November 2023)

\* Director of the Company and subsidiary companies.

### DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

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

Datin Chooi Moi (Appointed on 14 August 2024)  
Dato' Lim Chaw Teng (Resigned on 15 August 2024)

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 year and their interests in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year were as follows:

	At 1.7.2023 Unit'000	Number of ordinary shares		At 30.6.2024 Unit'000
		Bought Unit'000	Sold Unit'000	
<b><i>The Company</i></b>				
<i>Direct interests</i>				
Yong Teck Wee	1,296	-	-	1,296
<b><i>PH Performance (M) Sdn. Bhd.</i></b>				
<i>Indirect interests</i>				
Datin Sri Ong Lely*	-	2,069	-	2,069
Datuk Lim Sze Way**	-	285	-	285

\* Deemed interested due to her shareholding held in PH Performance (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and the shareholding held by her spouse, namely Dato' Sri Lim Teck Boon, pursuant to Section 59(11)(c) of the Companies Act, 2016.

\*\*Deemed interested due to her shareholding held in PH Performance (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

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

**DIRECTORS' BENEFITS**

Since the end of the previous financial period, 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

## DIRECTORS' REPORT

(cont'd)

### DIRECTORS' REMUNERATION

	Group RM'000	Company RM'000
Executive:		
EPF contributions	54	-
Meeting allowance	7	7
Salaries	559	-
SOCSO contributions	2	-
Total executive directors remuneration	622	7
Non-executive:		
Meeting allowance	29	29
Fees	150	150
Total non-executive directors remuneration	179	179

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts 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 render the amount written off of as 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 year 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 year.

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 year 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 year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS**

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

**AUDITORS' REMUNERATION**

The auditors' remuneration of the Group and of the Company are amounted to RM215,000 and RM95,000 respectively during the financial year.

**SIGNIFICANT EVENT DURING THE REPORTING PERIOD**

The detail of significant event during the reporting period are disclosed in Note 39 to the financial statements.

## 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

.....  
**Datin Sri Ong Lely**  
Director

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

Batu Pahat,  
Date: 30 October 2024

## STATEMENT BY DIRECTORS

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

We, Datin Sri Ong Lely 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 63 to 161, 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 2024 and of their financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

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

.....  
**Datin Sri Ong Lely**  
Director

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

Batu Pahat,  
Date: 30 October 2024

## STATUTORY DECLARATION

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

I, Datin Sri Ong Lely (I/C No.: 821008-04-5448), being the director primarily responsible for the financial management of Euro Holdings Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 63 to 161, 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 )  
Batu Pahat in the State of Johor )  
on this 30 October 2024 )

Before me,

.....  
**Datin Sri Ong Lely**  
Director

# 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 2024 of the Group and of the Company and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 63 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT  
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 2024, as shown in Note 8 to the financial statements, the Group has inventories balance of RM34,859,000, representing approximately 30% 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF 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.

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

**HONG THUAN BOON**  
02233/03/2026  
Chartered Accountant

Batu Pahat,  
Date: 30 October 2024

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	50,862	51,346	3	7
Right-of-use assets	5	9,293	13,512	-	-
Investment in subsidiaries	6	-	-	58,006	24,286
Other investment	7	-	-	-	-
		<u>60,155</u>	<u>64,858</u>	<u>58,009</u>	<u>24,293</u>
<b>Current assets</b>					
Inventories	8	34,859	24,459	-	-
Trade receivables	9	21	-	-	-
Other receivables	10	2,085	25,469	243	3,847
Amount due from a related party	11	1,055	-	-	-
Current tax assets		225	757	225	489
Fixed deposits with licensed banks	12	6	2,404	-	-
Cash and bank balances	13	632	3,362	-	2,573
		<u>38,883</u>	<u>56,451</u>	<u>468</u>	<u>6,909</u>
Assets classified as held for sale	14	17,300	-	-	-
<b>TOTAL ASSETS</b>		<u><u>116,338</u></u>	<u><u>121,309</u></u>	<u><u>58,477</u></u>	<u><u>31,202</u></u>
<b>EQUITY</b>					
Share capital	15	95,508	79,281	95,508	79,281
Reserves		<u>(23,957)</u>	<u>(4,280)</u>	<u>(37,433)</u>	<u>(50,424)</u>
<b>Shareholders equity attributable owners of the Company</b>		<u>71,551</u>	<u>75,001</u>	<u>58,075</u>	<u>28,857</u>
Non-controlling interest		-	677	-	-
<b>TOTAL EQUITY</b>		<u><u>71,551</u></u>	<u><u>75,678</u></u>	<u><u>58,075</u></u>	<u><u>28,857</u></u>

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

STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2024 (cont'd)

	Notes	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	16	-	6,460	-	-
Lease liabilities	5	5,172	9,507	-	-
Deferred tax liabilities	17	1,877	1,531	-	-
		<u>7,049</u>	<u>17,498</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	18	4,174	941	-	-
Other payables	19	8,206	2,868	396	776
Contract liabilities	20	1,044	2,104	-	-
Amount due to a related party	11	4,951	-	-	-
Amount due to subsidiaries	11	-	-	-	1,562
Amount due to related companies	11	3,697	2,662	-	-
Amount due to directors	11	2,472	4,290	6	7
Loans and borrowings	16	3,980	10,271	-	-
Lease liabilities	5	5,286	4,491	-	-
Current tax liabilities		2,721	506	-	-
		<u>36,531</u>	<u>28,133</u>	<u>402</u>	<u>2,345</u>
Liabilities classified as held for sale	14	1,207	-	-	-
<b>TOTAL LIABILITIES</b>		<u>44,787</u>	<u>45,631</u>	<u>402</u>	<u>2,345</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>116,338</u>	<u>121,309</u>	<u>58,477</u>	<u>31,202</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 ENDDE 30 JUNE 2024  
(With comparative figures from 1 January 2022 to 30 June 2023)

	Notes	Group		Company	
		1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Revenue	21	79,179	225,898	-	-
Cost of sales	22	<u>(76,775)</u>	<u>(225,273)</u>	-	-
Gross profit		2,404	625	-	-
Other income	23	3,319	54,930	17,056	16,505
Other operating expenses		(5,562)	-	-	-
General and administrative expenses		(14,052)	(59,595)	(37,013)	(17,164)
Selling and distribution expenses		<u>(174)</u>	<u>(2,103)</u>	-	-
Loss from operations		(14,065)	(6,143)	(19,957)	(659)
Finance costs	24	<u>(1,955)</u>	<u>(6,236)</u>	-	<u>(3,005)</u>
Loss before tax	25	(16,020)	(12,379)	(19,957)	(3,664)
Tax expense	26	<u>(4,234)</u>	<u>(141)</u>	<u>(376)</u>	<u>(4)</u>
Net loss for the financial year/period		<u>(20,254)</u>	<u>(12,520)</u>	<u>(20,333)</u>	<u>(3,668)</u>
<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	27	-	13,780	-	-
Fair value loss on equity instrument designated at fair value through other comprehensiv income ("FVOCI")	28	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,991)</u>
<b>Total comprehensive (loss)/income for the financial year</b>		<u>(20,254)</u>	<u>1,260</u>	<u>(20,333)</u>	<u>(22,659)</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)  
(With comparative figures from 1 January 2022 to 30 June 2023)

	Group		Company	
	1.7.2023 to 30.6.2024	1.1.2022 to 30.6.2023	1.7.2023 to 30.6.2024	1.1.2022 to 30.6.2023
Notes	RM'000	RM'000	RM'000	RM'000
<b>Total comprehensive (loss)/income the financial year attributable to:</b>				
Owners of the Company	(20,218)	1,385	(20,333)	(22,659)
Non-controlling interest	(36)	(125)	-	-
	<u>(20,254)</u>	<u>1,260</u>	<u>(20,333)</u>	<u>(22,659)</u>
<b>Loss per ordinary share attributable to owners of the Company:</b>				
Basic and diluted	29 <u>(1.52)</u>	<u>0.13</u>		

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



STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)  
(With comparative figures from 1 January 2022 to 30 June 2023)

<u>Group</u>	Notes	Attributable to owners of the Company				Shareholders' equity attributable to the owners of the Company		Non-controlling interest	Total
		Share capital	Fair value reserve	Revaluation reserve	Accumulated losses	RM'000	RM'000		
At 30 June 2023 and 1 July 2023 (Cont'd)		79,281	-	13,780	(18,060)	75,001	677	75,678	
Effect of increase in stake in a subsidiary	6	-	-	-	541	541	(641)	(100)	
Issuance of share capital	15	16,227	-	-	-	16,227	-	16,227	
Net loss for the financial year		-	-	-	(20,218)	(20,218)	(36)	(20,254)	
At 30 June 2024		95,508	-	13,780	(37,737)	71,551	-	71,551	

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

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)**  
(With comparative figures from 1 January 2022 to 30 June 2023)

<b>Company</b>	<b>Notes</b>	<b>Share capital RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total RM'000</b>
At 1 January 2022		48,402	(14,333)	(13,432)	20,637
Issuance of share capital	15	30,879	-	-	30,879
Net loss for the financial period, representing total comprehensive loss for the financial period		-	-	(3,668)	(3,668)
Fair value loss on equity instruments designated at FVOCI	28	-	(18,991)	-	(18,991)
Total comprehensive loss for the financial period		-	(18,991)	(3,668)	(22,659)
At 30 June 2023 and 1 July 2023		79,281	(33,324)	(17,100)	28,857
Issuance of share capital	15	16,227	-	-	16,227
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	(20,333)	(20,333)
Derecognised of fair value reserve	28	-	33,324	-	33,324
Total comprehensive income for the financial year		-	33,324	(20,333)	12,991
At 30 June 2024		<u>95,508</u>	<u>-</u>	<u>(37,433)</u>	<u>58,075</u>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

(With comparative figures from 1 January 2022 to 30 June 2023)

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(16,020)	(12,379)	(19,957)	(3,664)
Adjustments for:				
Bad debts recovered	-	(6)	-	-
Bad debts written off	2,311	-	33	-
Depreciation of property, plant and equipment	4,894	1,958	4	5
Depreciation of right-of-use assets	5,083	5,019	-	-
Forfeiture of deposits received	(255)	-	-	-
Gain on disposal of other investment	(55)	-	-	-
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, net	43	819	-	-
- Amounts due from subsidiaries	-	-	-	13,195
- Investment in subsidiaries	-	-	2,786	2,169
- Other receivables	-	47	-	-
- Property, plant and equipment	2,335	-	-	-
- Slow-moving inventories	1,098	-	-	-
Interest expenses	1,955	6,236	-	3,005
Interest income	(35)	(171)	(2)	(1,961)
Loss on disposal of other investments	-	-	33,291	-
Other income	-	3	-	-
Balance carried forward	1,354	(35,180)	16,155	11,249

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



STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)  
(With comparative figures from 1 January 2022 to 30 June 2023)

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
<b>Cash flows from investing activities</b>				
Acquisition of additional shares from non-controlling interest	(100)	-	(100)	-
Advance to subsidiaries, net	-	-	-	(8,904)
Purchase of property, plant and equipment	(24,083)	(3,833)	-	-
Proceeds from disposal of other investments	55	-	33	-
Proceeds from disposal of property, plant and equipment	-	966	-	-
Proceeds from disposal of a subsidiary, net of cash disposed	-	1,888	-	2,000
Withdrawal of fixed deposits pledged with licensed bank	2,398	446	-	-
<b>Net cash used in investing activities</b>	<b>(21,730)</b>	<b>(533)</b>	<b>(67)</b>	<b>(6,904)</b>
<b>Cash flows from financing activities</b>				
Advance from/(Repayment to) directors' and former directors'	635	17,062	621	5,497
Advance from a related party	4,107	-	-	-
Advance from related companies	2,616	2,662	-	-
Repayment to subsidiary companies	-	-	(22,210)	(12,235)
Interest paid	(1,304)	(2,031)	-	-
Issuance of share capital	16,227	9,680	16,227	9,680
Proceeds from term loan	3,955	-	-	-
Repayment of lease liabilities	(4,404)	(4,533)	-	-
Repayment of term loans	(7,341)	(4,429)	-	-
<b>Net cash from/(used in) financing activities</b>	<b>14,491</b>	<b>18,411</b>	<b>(5,362)</b>	<b>2,942</b>

The accompanying notes form an integral part of these financial statements

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)**  
(With comparative figures from 1 January 2022 to 30 June 2023)

	<b>Group</b>		<b>Company</b>	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,454	3,558	(2,573)	2,568
Cash and cash equivalents at beginning of financial year	(6,028)	(9,596)	2,573	-
Effect of exchange rate changes on cash and cash equivalents	(1)	10	-	5
<b>Cash and cash equivalents at end of financial year</b>	<b>(575)</b>	<b>(6,028)</b>	<b>-</b>	<b>2,573</b>
Notes	13			

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

STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)  
(With comparative figures from 1 January 2022 to 30 June 2023)

Note: The reconciliation of the movements of liabilities to cash flows arising from financing activities:

	<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>30.6.2024</b>				
At 1 July 2023	-	7,341	-	13,998
Proceeds from term loan	-	3,955	-	-
Interest expenses	-	395	-	945
Repayment	-	(7,736)	-	(5,349)
<b>Net change in cash flows from financing activities</b>	<b>-</b>	<b>(3,386)</b>	<b>-</b>	<b>(4,404)</b>
Addition lease liabilities	-	-	-	864
<i>Non-cash changes:</i>				
Interest expense	-	25	-	-
At 30 June 2024	<u>-</u>	<u>3,980</u>	<u>-</u>	<u>10,458</u>
<b>30.6.2023</b>				
At 1 January 2022	1,509	10,261	4,700	3
Interest expenses	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
<i>Non-cash changes:</i>				
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 ENDED 30 JUNE 2024 (cont'd)**  
 (With comparative figures from 1 January 2022 to 30 June 2023)

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

	<b>Amount due from subsidiaries, net</b>	<b>Amount due to director, net</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
<b>30.6.2024</b>		
At 1 July 2023	(16,262)	7
Advances to/(from), net	(25,922)	415
Acquisition of additional shares from non-controlling interest	(100)	-
Payment on behalf, net	(2,525)	2,055
Repayment from/(to), net	6,337	(1,849)
<b>Net change in cash flows from financing activities</b>	<b>(22,210)</b>	<b>621</b>
Reclassification of amount due to a related party	-	(622)
Reclassification of amount due to subsidiary companies	1,295	-
<b>Non-cash changes:</b>		
Reversal of impairment loss on amounts due from	(17,052)	-
Transfer of capital contribution	54,229	-
At 30 June 2024	<u>-</u>	<u>6</u>
<b>Company</b>		
<b>30.6.2023</b>		
At 1 January 2022	(3,932)	10,659
Advances to/(from), net	(44,706)	5,844
Payment on behalf, net	(4,479)	168
Repayment from/(to), net	36,950	(515)
<b>Net change in cash flows from financing activities</b>	<b>(12,235)</b>	<b>5,497</b>
Repayment from, net	3,560	-
Interest expenses	137	2,664
Interest income	(1,961)	-
Issuance of shares by debt settlement	-	(21,199)
Reclassification to other payables	(15,026)	2,386
<b>Non-cash changes:</b>		
Impairment loss on amount due from subsidiaries	13,195	-
At 30 June 2023	<u>(16,262)</u>	<u>7</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

### 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 October 2024.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

#### 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**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
Amendments to MFRS 16 - <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 - <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101 - <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 – <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 - <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 - <i>Classification and Measurements Of Financial Instruments</i>	1 January 2026
MFRS 18 - <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 - <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 - <i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

##### (b) 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 YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (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 YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (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 and machinery in progress 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:

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

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

(b) *Depreciation (Cont'd)*

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.

**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 YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.8 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.

#### 2.9 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 YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.9 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 2.10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

## 2.9 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 period.

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 YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

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

(d) *Derecognition*

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.

**2.10 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 YEAR ENDED 30 JUNE 2024 (cont'd)**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****2.10 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.

**2.11 Inventories**

The inventories of the Group are made up of relevant office furniture.

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.11 Inventories (Cont'd)**

*Office Furniture (Cont'd)*

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.

*Steel metal*

The inventories are made up of trading 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 present location and condition.

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

**2.12 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.

**2.13 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.14 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.
- (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.

#### 2.15 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.16 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.

(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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.16 Leases (Cont'd)

##### (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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.16 Leases (Cont'd)**

(c) *Subsequent Measurement (Cont'd)*

*As a Lessee (Cont'd)*

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.

**2.17 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.

**2.18 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

##### (a) Revenue from Contracts with Customers (Cont'd)

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.

##### *Manufacturing of Furniture*

Revenue from the sales of furniture 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.

##### *Trading of Steel*

Revenue from the sales of 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

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

(a) *Revenue from Contracts with Customers (Cont'd)*

*Property Development (Cont'd)*

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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### (a) *Revenue from Contracts with Customers (Cont'd)*

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

##### *Contract Assets and Liabilities (Cont'd)*

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 using the effective interest method.

#### 2.19 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.19 Taxes (Cont'd)**

(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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.19 Taxes (Cont'd)

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

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.

#### 2.20 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.

##### (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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.21 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).

**2.22 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

#### 2.23 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

**2.23 Fair Value Measurement (Cont'd)**

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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

#### 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.

##### (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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (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") (Cont'd)*

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 34(b).

The net carrying amount of the Group's trade receivables as at 30 June 2024 is RM21,000 (2023: RM NIL) 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) *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.

(e) *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 YEAR ENDED 30 JUNE 2024 (cont'd)

4. **PROPERTY, PLANT AND EQUIPMENT**

Group Cost/Valuation	At valuation					At cost					Balance carried forward RM'000
	Factory buildings RM'000	Freehold land RM'000	Computers RM'000	Factory buildings RM'000	Freehold land RM'000	Furniture and fittings RM'000	Machinery in progress RM'000	Freehold land RM'000	Factory buildings RM'000	Computers RM'000	
At 1 January 2022	5,740	2,071	3,590	35,007	7,133	1,653	-	-	-	-	55,194
Additions	-	-	10	-	-	-	-	-	-	-	10
Disposals	-	-	(103)	(4,161)	(2,300)	(37)	-	-	-	-	(6,601)
Revaluation reserve	6,382	8,929	-	-	-	-	-	-	-	-	15,311
At 30 June 2023 and 1 July 2023	12,122	11,000	3,497	30,846	4,833	1,616	-	-	-	-	63,914
Additions	-	-	143	-	-	-	17,412	-	-	-	17,555
Written off	-	-	(3,480)	-	-	(1,570)	-	-	-	-	(5,050)
Transfer to assets held for sale	(12,122)	(11,000)	-	-	-	-	-	-	-	-	(23,122)
At 30 June 2024	-	-	160	30,846	4,833	46	17,412	-	-	-	53,297
<b>Accumulated depreciation</b>											
At 1 January 2022	2,950	-	3,518	9,448	-	1,624	-	-	-	-	17,540
Charge for the financial period	172	-	45	1,028	-	12	-	-	-	-	1,257
Disposals	-	-	(80)	(2,076)	-	(33)	-	-	-	-	(2,189)
At 30 June 2023 and 1 July 2023	3,122	-	3,483	8,400	-	1,603	-	-	-	-	16,608
Charge for the financial year	105	-	27	617	-	5	-	-	-	-	754
Written off	-	-	(3,480)	-	-	(1,570)	-	-	-	-	(5,050)
Transfer to assets held for sale	(3,227)	-	-	-	-	-	-	-	-	-	(3,227)
At 30 June 2024	-	-	30	9,017	-	38	-	-	-	-	9,085
<b>Net carrying amount</b>											
Cost/Valuation											
At 30 June 2023	9,000	11,000	14	22,446	4,833	13	-	-	-	-	47,306
At 30 June 2024	-	-	130	21,829	4,833	8	17,412	-	-	-	44,212



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (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 2022, 30 June 2023 1 July 2023 and 30 June 2024	35	35
<b>Accumulated depreciation</b>		
At 1 January 2022	23	23
Charge for the financial period	5	5
At 30 June 2023 and 1 July 2023	28	28
Charge for the financial year	4	4
At 30 June 2023	32	32
<b>Net carrying amount</b>		
At 30 June 2023	7	7
At 30 June 2024	3	3

- (a) The net carrying amount of the property, plant and equipment pledged for bank facilities (Note 16) are as follow:

	<b>Group</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
Factory buildings, at valuation	-	9,000
Freehold land, at valuation	-	11,000
Factory buildings, at cost	21,829	22,446
Freehold land, at cost	4,833	4,833
	<u>26,662</u>	<u>47,279</u>

- (b) During the financial year/period, the Company acquired property, plant and equipment by the following means:

	<b>Group</b>	
	<b>2024 RM</b>	<b>2023 RM</b>
Cash payment	24,083	3,833
Other payables	222	-
	<u>24,305</u>	<u>3,833</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

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.

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

	2024 RM'000	2023 RM'000
Freehold land, at cost	-	2,071
Factory building, at cost	-	5,740
Less: Accumulated depreciation	-	(3,122)
	-	2,618
Total net carrying amount	-	4,689

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 assets recognised and the movement during the financial year/period.

	Warehouse RM'000	Lease equipment RM'000	Total RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2022	-	84	84
Additions	18,531	-	18,531
Written off on termination of lease	-	(84)	(84)
At 30 June 2023 and 1 July 2023	18,531	-	18,531
Additions	864	-	864
At 30 June 2024	19,395	-	19,395

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

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

	Warehouse RM'000	Lease equipment RM'000	Total RM'000
<b>Group (Cont'd)</b>			
<b>Accumulated depreciation</b>			
At 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 and 1 July 2023	<u>5,019</u>	<u>-</u>	<u>5,019</u>
Charge for the financial year	5,083	-	5,083
At 30 June 2023	<u>10,102</u>	<u>-</u>	<u>10,102</u>
<b>Net carrying amount</b>			
At 30 June 2023	<u>13,512</u>	<u>-</u>	<u>13,512</u>
At 30 June 2024	<u>9,293</u>	<u>-</u>	<u>9,293</u>

- (b) Lease liabilities

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

	Group	
	2024 RM'000	2023 RM'000
At beginning of financial year/period	13,998	3
Additions	864	18,531
Accretion of interest	945	1,214
Repayment of principal	(4,404)	(4,533)
Repayment of interest expenses	(945)	(1,214)
Written off on termination of lease	-	(3)
At end of financial year/period	<u>10,458</u>	<u>13,998</u>
<b>Current</b>		
- Not later than one year	<u>5,286</u>	<u>4,491</u>
<b>Non-current</b>		
- Later than one year but not later than five years	<u>5,172</u>	<u>9,507</u>
	<u>10,458</u>	<u>13,998</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

(i) The maturity analysis of lease liabilities is disclosed in Note 34(c).

(c) Amount recognised in profit or loss

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of right-of-use assets (Note 25)	5,083	5,019
Interest expense on lease liabilities (Note 24)	945	1,214
Lease expenses not capitalised in lease liabilities		
- Expenses relating to short-term leases (included in cost of sales and other expenses)	185	517
- Expense relating to leases of low-value assets (included in other expenses)	9	14
Total (Note 25)	194	531
Total amount recognised in profit or loss	6,222	6,764

(d) Total cash outflows

The Group had total cash outflows for leases of RM5,543,000 (2023: RM6,278,000).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

6. INVESTMENT IN SUBSIDIARIES

	Notes	Company	
		2024 RM'000	2023 RM'000
<b>Unquoted shares in Malaysia - at cost</b>			
At beginning of financial year/period		23,948	23,948
Addition		100	-
Loans that are part of net investment	(i)	<u>54,230</u>	<u>-</u>
		78,278	23,948
Less: Accumulated impairment losses of investment in subsidiaries		<u>(20,272)</u>	<u>(17,486)</u>
At end of financial year/period		<u>58,006</u>	<u>6,462</u>
<b>Amount due from subsidiaries</b>			
At beginning of financial year/period	(ii)	54,230	34,876
Less: Impairment losses of amount due from subsidiaries (Note 25)		-	(17,052)
Less: Capital contribution reserve		<u>(54,230)</u>	<u>-</u>
At end of financial year/period		<u>-</u>	<u>17,824</u>
		<u>58,006</u>	<u>24,286</u>

- (i) Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss.
- (ii) These amounts represent unsecured advance, which are recoverable on demand, of which the principal sum of RM NIL (2023: RM26,090,000) as at reporting date bears interest of NIL (2023: 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

Details of the subsidiary companies are as follows:

Name	Principal activities	Country of incorporation	Proportion of ownership	
			2024	2023
<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	100%	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%
Euro Chairs (M) Sdn. Bhd. ("ECSB") *	Holds the industrial designs and trademarks of the Group	Malaysia	100%	100%

\* Audited by Chengco PLT

(a) Effect of a change in stake

On 6 February 2024, the Company purchased an additional 24.24% equity interest (representing 80,000 ordinary shares) in Eurosteel System Sdn. Bhd., a subsidiary of the Group, at a price of RM1.25 per share. The Company's effective ownership in Eurosteel System Sdn. Bhd. increased from 75.76% to 100% as a result of the additional shares purchased. The increase in equity interest is treated as a change in stake.

The effect of the increase in the Company's ownership in the subsidiary is as follow:

	Company	
	2024 RM'000	2023 RM'000
Cost of investment (Cash consideration paid)	100,000	-
Increase in share of net assets	(641,315)	-
Excess charged directly to equity	<u>(541,315)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year/period	17,486	15,817
Add: Impairment losses during the financial year/period (Note 25)	2,786	2,169
Less: Reversal of impairment losses during the financial year/period (Note 23)	-	(500)
At end of financial year/period	<u>20,272</u>	<u>17,486</u>

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

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year/period	17,052	3,857
Add: Impairment losses of other receivables (Note 25)	-	13,195
Less: Reversal of impairment losses of other receivables (Note 23)	(17,052)	-
At end of financial year/period	<u>-</u>	<u>17,052</u>

(d) As at 30 June 2024, 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 RM2,786,000 (2023: RM2,169,000) being recognised as “administrative expenses” line item in the Company’s statement of comprehensive income for the financial year ended 30 June 2024. 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.

(e) Non-controlling interest in subsidiary

The subsidiary of the Group that has non-controlling interest (“NCI”) is as follows:

	<b>ES</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
NCI percentage of ownership and voting interest	0%	24.24%
Carrying amount of NCI	-	677
Loss representing total comprehensive loss allocated to NCI	<u>(36)</u>	<u>(125)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (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 year/period are as follows:

	ES	
	2024 RM'000	2023 RM'000
<b>Assets and liabilities</b>		
Non-current assets	-	28
Current assets	-	68
Non-current liabilities	-	(18)
Current liabilities	-	(3,856)
<b>Net liabilities</b>	<u>-</u>	<u>(3,778)</u>
	ES	
	2024 RM'000	2023 RM'000
<b>Results:</b>		
Revenue	-	52
Loss for the financial period/year	-	(516)
Total comprehensive loss	<u>-</u>	<u>(516)</u>
<b>Cash flows:</b>		
Net cash used in operating activities	-	(465)
Net cash from investing activities	-	14
Net cash from financing activities	<u>-</u>	<u>437</u>

7. OTHER INVESTMENT

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Redeemable Convertible Preference Shares ("RCPS")				
At beginning of financial year/ period	-	-	-	18,991
Less: Fair value loss on other investment	-	-	-	(18,991)
At end of financial year/period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 3 November 2023, the Group and the Company has disposed of 55,196,000 and 33,324,000 units of redeemable convertible preference shares of RM0.001 each for a total consideration of RM55,196 and RM33,324 respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

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 Euroland & Development Sdn. Bhd. ("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 YEAR ENDED 30 JUNE 2024 (cont'd)

8. **INVENTORIES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At costs:</b>		
Furniture:		
- Raw materials	8,397	9,237
- Work-in-progress	1,590	779
- Finished goods	26,319	14,792
	36,306	24,808
Less: Provision for slow-moving inventories	(1,447)	(349)
	<u>34,859</u>	<u>24,459</u>
Total amount recognised in profit or loss	<u>76,783</u>	<u>212,933</u>

(b) Provision for slow moving inventories

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning/end of financial year/period	349	349
Add: Impairment losses of slow-moving inventories (Note 25)	1,098	-
At end of financial year/period	<u>1,447</u>	<u>349</u>

9. **TRADE RECEIVABLES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Financial assets (Note 33)</i>		
Trade receivables		
- Third parties	2,644	4,829
	2,644	4,829
Less: Impairment loss [Note 34(b)]	(2,623)	(4,829)
<b>Total trade receivables</b>	<u>21</u>	<u>-</u>

Trade receivables are interest-free and are generally on 30 days to 180 days (2023: 30 days to 180 days) terms. They are recognised at their original invoice amounts which represent the fair values on

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 9. TRADE RECEIVABLES (CONT'D)

The movement in allowance of trade receivables was as follows:

	Group	
	2024 RM'000	2023 RM'000
At beginning of financial year/period	4,829	4,724
Add: Impairment losses of trade receivables (Note 25)	43	819
Less: Reversal of impairment losses of trade receivables (Note 23)	(2,249)	(714)
At end of financial year/period	2,623	4,829

Trade receivables are denominated in the following currencies:

	Group	
	2024 RM'000	2023 RM'000
Ringgit Malaysia	1,451	2,860
Singapore Dollar	177	245
United States Dollar	1,016	1,724
	2,644	4,829

## 10. OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<i>Financial assets (Note 33)</i>				
Other receivables				
- Third parties	471	16,793	241	3,846
	471	16,793	241	3,846
Less: Impairment loss	(109)	(109)	-	-
Other receivables - net	362	16,684	241	3,846
<i>Non-financial assets</i>				
Deposits	1,720	8,659	-	-
Prepayments	3	126	2	1
	1,723	8,785	2	1
<b>Total other receivables</b>	<b>2,085</b>	<b>25,469</b>	<b>243</b>	<b>3,847</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

The movement in allowance of other receivables was as follows:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year/period	109	64
Add: Impairment losses of other receivables (Note 25)	-	47
Less: Reversal of impairment losses of other receivables (Note 23)	-	(2)
At end of financial year/period	<u>109</u>	<u>109</u>

Other receivables are denominated in the following currencies:

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	2,078	25,462	243	3,847
United States Dollar	7	7	-	-
	<u>2,085</u>	<u>25,469</u>	<u>243</u>	<u>3,847</u>

11. **AMOUNTS DUE FROM/(TO) A RELATED PARTY/ SUBSIDIARIES/DIRECTORS/ RELATED COMPANIES**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due from a related party:</b>				
<b>party:</b>				
- Non-trade	(i) <u>1,055</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amount due to a related party:</b>				
- Non-trade	(i) <u>4,951</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amount due to subsidiaries:</b>				
- Non-trade	(ii) <u>-</u>	<u>-</u>	<u>-</u>	<u>1,562</u>
<b>Amount due to directors:</b>				
- Non-trade	(iii) <u>2,472</u>	<u>4,290</u>	<u>6</u>	<u>7</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

11. **AMOUNTS DUE FROM/(TO) A RELATED PARTY/ SUBSIDIARIES/DIRECTORS/ RELATED COMPANIES (CONT'D)**

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Amount due to related companies</b>				
- Non-trade	(i) <u>3,697</u>	<u>2,662</u>	<u>-</u>	<u>-</u>

(i) These amounts represent unsecured, interest-free advance, which is recoverable/(repayable) on demand.

(ii) This amount represents unsecured advance, which is repayable on demand, of which the principal sum of RM NIL (2023: RM894,000) as at the reporting date bears interest of NIL (2023: 7.90%) per annum.

(iii) This amount represents unsecured advance, which is repayable on demand, of which the principal sum of RM2,465,000 (2023: RM6,663,000) and RM NIL (2023: RM5,844,000) respectively as at the reporting date bears interest of NIL (2023: 12%) per annum.

12. **FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits with licensed banks of the Group amounted to RM6,000 (2023: RM2,404,000) bear effective interest rates of 3.16% (2023: 1.90% to 2.28%) per annum, which have been pledged to licensed banks as security for borrowings (Note 17) granted to the Group.

13. **CASH AND BANK BALANCES**

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash in hand	10	10	-	-
Cash at banks	<u>622</u>	<u>3,352</u>	<u>-</u>	<u>2,573</u>
	<u>632</u>	<u>3,362</u>	<u>-</u>	<u>2,573</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

13. CASH AND BANK BALANCES (CONT'D)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	619	3,294	-	2,573
Euro Dollar	7	7	-	-
Singapore Dollar	2	2	-	-
United States Dollar	4	59	-	-
	<u>632</u>	<u>3,362</u>	<u>-</u>	<u>2,573</u>

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	632	3,362	-	2,573
Fixed deposits with licensed bank	6	2,404	-	-
	<u>638</u>	<u>5,766</u>	<u>-</u>	<u>2,573</u>
Less:				
Fixed deposits with licensed bank (Note 12)	(6)	(2,404)	-	-
Bank overdraft (Note 14/Note 16)	(1,207)	(9,390)	-	-
	<u>(575)</u>	<u>(6,028)</u>	<u>-</u>	<u>2,573</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

14. **PROPERTY, PLANT AND EQUIPMENT CLASSIFIED AS HELD FOR SALE**

On 3 June 2024, the Board of Directors of a subsidiary company approved and announced a plan to sell a piece of industrial land with buildings thereon, held under GRN 86293, Lot 178 Seksyen 19, Bandar Rawang, Daerah Gombak, Selangor including a double-storey detached factory. The assets and liabilities have been presented as held for sale. The transfer of the property title is currently pending and has not yet been completed up to the date of this report.

**Assets classified as held for sale**

	Group	
	2024 RM'000	2023 RM'000
Factory building, at fair value	7,165	-
Freehold land, at fair value	10,135	-
	17,300	-

**Liabilities classified as held for sale**

	Group	
	2024 RM'000	2023 RM'000
Bank overdraft	1,207	-
	1,207	-

In accordance with MFRS 5, the assets and liabilities held for sale of the above disposal property, plant and equipment in a subsidiary company had been written down to their fair value for a total consideration of RM17,300,000.

15. **SHARE CAPITAL**

	Number of ordinary shares		Group and Company	
	2024	2023	2024	2023
	Unit'000	Unit'000	RM'000	RM'000
At beginning of financial year/period	1,063,397	801,900	79,281	48,402
Issued during the financial year/period	264,570	261,497	16,227	30,879
At end of financial year/period	1,327,967	1,063,397	95,508	79,281

During the current financial year, the Company increased its issued and paid-up ordinary shares from 1,063,397,100 units to 1,327,967,100 units by way of the following:-

- (a) On 26 September 2023, issued 220,475,000 new ordinary shares through private placement at an issue price of RM0.065 per ordinary share for working capital purposes.
- (b) On 2 April 2024, issued 44,095,000 new ordinary shares through private placement at an issue price of RM0.043 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 YEAR ENDED 30 JUNE 2024 (cont'd)

16. **LOANS AND BORROWINGS**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<i><b>Current</b></i>		
Bank overdrafts	-	9,390
Term loans	3,980	881
	<u>3,980</u>	<u>10,271</u>
<i><b>Non-current</b></i>		
Term loans	-	6,460
	<u>-</u>	<u>6,460</u>
<b>Total loans and borrowings</b>	<u><u>3,980</u></u>	<u><u>16,731</u></u>

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>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	3,980	10,272
Later than one year but not later than five years	-	3,525
Later than five years	-	2,934
<b>Total loans and borrowings</b>	<u><u>3,980</u></u>	<u><u>16,731</u></u>

**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	10 years	6.50%
Term loan 3	170,470	1,955,000	1 year	8.45%
Term loan 4	174,394	2,000,000	1 year	8.45%

Bank overdraft, bankers' acceptance and bank guarantee up to a combined limit of RM17,743,000 (2023: RM15,743,000) are extended to the Group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

16. **LOANS AND BORROWINGS**

Set out below is the carrying amount of loan and borrowings and the movements during the financial year/period

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year/period	16,731	23,009
Additions	3,955	-
Accretion of interest (Note 24)	360	644
Litigation fee	-	3,219
Repayment of principal	(15,499)	(8,560)
Repayment of interest expenses	(360)	(644)
Rebate	-	(937)
Transfer to liabilities held for sale	(1,207)	-
<b>Total loans and borrowings</b>	<u><u>3,980</u></u>	<u><u>16,731</u></u>

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 the Company and jointly and severally guarantee by the directors of the Company.

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

Term loan 1 and 2 was fully settled on 2 August 2023 and 18 July 2023 respectively.

17. **DEFERRED TAX LIABILITIES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year/period	1,531	-
Recognised in other comprehensive income		
- (Deficit)/Surplus on revaluation of freehold land and factory building	(260)	1,531
Recognised in profit or or loss (Note 26)	606	-
At end of financial year/period	<u><u>1,877</u></u>	<u><u>1,531</u></u>
The deferred tax liabilities in respect of:		
Revaluation surplus on property, plant and equipment	1,271	-
Property, plant and equipment	606	1,531
	<u><u>1,877</u></u>	<u><u>1,531</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

18. **TRADE PAYABLES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Financial liabilities (Note 33)</i>		
Trade payables		
- Third parties	4,174	941
<b>Total trade payables</b>	<u>4,174</u>	<u>941</u>

Trade payables are non-interest bearing and generally on 30 days to 90 days (2023: 30 days to 90 days)

19. **OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Financial liabilities (Note 33)</i>				
Other payables				
- Former directors' related company	-	-	-	547
- Third parties	6,225	1,742	1	-
Accrued expenses	770	1,126	395	229
Other payables, net	<u>6,995</u>	<u>2,868</u>	<u>396</u>	<u>776</u>
<i>Non-financial liabilities</i>				
Deposits received	1,211	-	-	-
<b>Total other payables</b>	<u>8,206</u>	<u>2,868</u>	<u>396</u>	<u>776</u>

20. **CONTRACT LIABILITIES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contract liabilities:</b>		
- Manufacturing and trading of furniture	1,044	2,104

Manufacturing and trading of furniture

Contract liabilities primarily relate to advance payment or deposit received from customers of which the performance obligation has yet to be satisfied by the Group and are expected to be recognised as revenue in the subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

 20. **CONTRACT LIABILITIES (CONT'D)**

The movement in the contract liabilities is shown as follows:

	Notes	Group	
		2024 RM'000	2023 RM'000
At beginning of financial year/period		2,104	1,546
Additions		45	1,169
Deposits forfeited during the financial year/period	23	(255)	-
Payment on behalf of fellow subsidiaries		(78)	-
Reclassification to amount due to a related party		(772)	-
Recognised as revenue during the financial year/period		-	(611)
At end of financial year/period		<u>1,044</u>	<u>2,104</u>

Contract liabilities are denominated in the following currencies:

	Group	
	2024 RM'000	2023 RM'000
Euro Dollar	3	3
Ringgit Malaysia	191	1,012
United States Dollar	850	1,089
	<u>1,044</u>	<u>2,104</u>

 21. **REVENUE**

	Notes	Group	
		1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
<b>Revenue from contracts with customers</b>			
Manufacturing of furniture	(i)	-	2,611
Trading of steel and furniture	(ii)	79,179	213,362
Property development	(iii)	-	9,925
		<u>79,179</u>	<u>225,898</u>
<b>Timing of recognition</b>			
Over time		-	9,925
At a point in time		79,179	215,973
		<u>79,179</u>	<u>225,898</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

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

The disaggregation of revenue by segment and geographical market is disclosed in Note 37.

(i) Manufacturing 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.

Performance Obligation ("PO")

For the manufacturing 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 oversea 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.

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 10(b).

(ii) Trading of Steel and Furniture

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

Performance Obligation ("PO")

For the 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 oversea 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 YEAR ENDED 30 JUNE 2024 (cont'd)

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

(ii) Trading of Steel and 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 10(b).

(iii) 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>1.7.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue, gross</b>	-	14,320
Less: Provision of LAD	-	(4,395)
Revenue, net	<u>-</u>	<u>9,925</u>

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 YEAR ENDED 30 JUNE 2024 (cont'd)

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

(iii) Property Development (Cont'd)

Unsatisfied Long-term Contracts

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

	<b>Group</b>	
	<b>1.7.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Total contracted revenue, net	-	149,139
Less: Cumulative property development revenue recognised	-	(149,139)
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 30 June 2024/2023	<u>-</u>	<u>-</u>
	<b>Group</b>	
	<b>1.7.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue from contracts with customers</b>		
Property development	<u>-</u>	<u>9,925</u>
<b>Revenue from contracts with customers in primary geographical markets</b>		
Bahrain	-	3
Barbados	-	52
Cambodia	-	172
Canada	-	700
China	-	3
Malaysia	79,179	213,423
Singapore	-	79
Thailand	-	3
United States of America	-	1,238
Others	-	300
	<u>79,179</u>	<u>215,973</u>
<b>Timing of recognition</b>		
Over time	-	9,925
At a point in time	<u>79,179</u>	<u>215,973</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

22. COST OF SALES

	Group	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Manufacturing of furniture	22	6,013
Trading of steel and furniture	76,753	209,834
Property development	-	9,426
	76,775	225,273

23. OTHER INCOME

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Bad debt recovered	-	6	-	-
Forfeiture of deposits received	255	-	-	-
Gain on disposal of property, plant and equipment	-	9,415	-	-
Gain on disposal of investments in subsidiaries	-	27,291	-	1,500
Gain on disposal of other investment	55	-	-	-
Gain on foreign exchange - unrealised	34	33	-	-
Interest income	35	171	2	1,961
Lease income	588	528	-	-
Other income	8	444	2	-
Reversal of impairment losses on trade receivables (Note 9)	2,249	714	-	-
Reversal of impairment losses on other receivables (Note 10)	-	2	-	-
Reversal of impairment losses on amount due from subsidiary company (Note 6)	-	-	17,052	-
Reversal of impairment losses on investment in subsidiaries (Note 5)	-	-	-	500
Sundry income	-	4	-	-
Waiver of debts due to a director	-	2,449	-	-
Written of trade payables	95	-	-	-
Written of other payables	-	13,873	-	12,544
	3,319	54,930	17,056	16,505

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

24. **FINANCE COSTS**

	<b>Group</b>		<b>Company</b>	
	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>
<i>Interest expenses of financial liabilities that are not at fair value through profit or loss:</i>				
Bank overdraft interest	629	1,197	-	-
Commitment fees	-	2	-	-
Lease liabilities interest (Note 5)	945	1,214	-	-
Loans interest				
- Amount due to a director	6	2,676	-	2,664
- Amount due to subsidiaries	-	-	-	137
- Third parties	-	402	-	204
Overdraft interest	15	101	-	-
Term loans interest (Note 16)	360	644	-	-
	<u>1,955</u>	<u>6,236</u>	<u>-</u>	<u>3,005</u>

25. **LOSS BEFORE TAX**

	<b>Group</b>		<b>Company</b>	
	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>
<i>Loss before tax is arrived at after charging:</i>				
Auditors' remuneration - current financial year	185	252	65	48
Auditors' remuneration - under provision in prior financial year	30	-	30	-
Bad debts written off	2,311	-	33	-
Depreciation of property, plant and equipment (Note 4)	4,894	1,958	4	5
Depreciation of right-of-use assets (Note 5)	5,083	5,019	-	-
	<u>5,083</u>	<u>5,019</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

25. LOSS BEFORE TAX (CONT'D)

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
<i>Loss before tax is arrived at after charging: (Cont'd)</i>				
Employment benefit expenses	1,953	335	191	187
Impairment loss on:				
- Amount due from subsidiaries (Note 6)	-	-	-	13,195
- Investment in subsidiaries (Note 6)	-	-	2,786	2,169
- Trade receivables (Note 9)	43	819	-	-
- Other receivables (Note 10)	-	47	-	-
- Property, plant and equipment	2,335	-	-	-
- Slow-moving inventories (Note 8)	1,098	-	-	-
Loss on cash in hand	-	9	-	-
Loss on disposal on other investment	-	-	33,291	-
Loss on foreign exchange				
- Realised	1	91	-	-
- Unrealised	2	6	-	-
Leases of low-value assets				
- Lease of hostel	-	3	-	-
- Lease of photostate machine	7	8	-	-
- Lease of management system	2	3	-	-
Short-term leases:				
- Lease of equipment	-	21	-	-
- Lease of forklift	227	265	-	-
- Lease of license	-	49	-	-
- Lease of staff quarter - current financial year	-	182	-	-
- Lease of staff quarter - over provision in prior financial year	(42)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

26. **TAX EXPENSE**

(a) *Major Components of Tax Expense*

	<b>Group</b>		<b>Company</b>	
	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>
<b><i>Income tax</i></b>				
Current financial year/period	2,629	138	1	-
Real property gain tax	414	-	-	-
Under provision in prior financial year/period	585	3	375	4
	<u>3,628</u>	<u>141</u>	<u>376</u>	<u>4</u>
<b><i>Deferred tax (Note 17)</i></b>				
Current financial year/period	(565)	-	-	-
Under provision in prior financial year/period	1,171	-	-	-
	<u>606</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,234</u>	<u>141</u>	<u>376</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

26. TAX EXPENSE (CONT'D)

(b) *Relationship Between Tax Expense and Accounting Loss*

Reconciliation between tax expense and the product of accounting loss multiplied by the applicable tax rate is as follows:

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Loss before tax	<u>(16,020)</u>	<u>(12,379)</u>	<u>(19,957)</u>	<u>(3,664)</u>
Income tax calculated at tax 24%	(3,845)	(2,971)	(4,789)	(879)
Tax effects of:				
- Expense not deductible for tax purpose	11,660	-	8,882	4,359
- Income not subject to tax	(7,118)	(5,334)	(4,092)	(3,481)
Under provision of income tax in prior financial year/period	585	3	375	4
Under provision of deferred tax in prior financial year/period	1,171	-	-	-
Real property gain tax	414	-	-	-
Deferred tax assets not recognised during the financial year/period	<u>1,367</u>	<u>8,443</u>	<u>-</u>	<u>1</u>
	<u>4,234</u>	<u>141</u>	<u>376</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

26. **TAX EXPENSE (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>Group</b>		<b>Company</b>	
	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>
Other deductible temporary difference*	(271)	473	-	-
Property, plant and equipment	(1,888)	(2,205)	-	-
Unabsorbed capital allowances	1,123	307	-	-
Unabsorbed tax losses	5,887	4,909	-	-
Unutilised reinvestment allowance	2,282	2,282	-	-
	<u>7,133</u>	<u>5,766</u>	<u>-</u>	<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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

26. **TAX EXPENSE (CONT'D)**

In accordance with the Finance Act 2021, the unabsorbed tax losses can be carried forward up to 10 years and will be disregarded in the end of 10 years, the following table analyses the unabsorbed tax losses of the Group for the respective years of assessment ("YA") and the years of assessment of such unabsorbed tax losses will be disregarded:

	<b>Unabsorbed tax losses RM'000</b>	<b>Disregarded in year of assessment</b>
<b>Group</b>		
<b>2024</b>		
YA 2019	3,857	2030
YA 2020	1,745	2031
YA 2021	5,102	2032
YA 2022	4,256	2033
YA 2023	5,496	2034
YA 2024	<u>4,075</u>	<u>2035</u>
<b>2023</b>		
YA 2019	3,857	2030
YA 2020	1,745	2031
YA 2021	5,102	2032
YA 2022	4,256	2033
YA 2023	<u>5,496</u>	<u>2034</u>

The unabsorbed capital allowance is available indefinitely for set off against future taxable profits.

27. **REVALUATION RESERVE**

	<b>Group</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>
At beginning of financial year/period	13,780	-
Surplus on revaluation arising from freehold land and factory bulding	-	13,780
At end of financial year/period	<u>13,780</u>	<u>13,780</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

28. FAIR VALUE RESERVE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<i>Fair value reserve by NCI</i>				
At beginning of financial year/period	-	(1,591)	-	-
Less: Reversal of fair value loss on equity instrument designated at FVOCI shared by non-controlling interest ("NCI")	-	1,591	-	-
At end of financial year/period	-	-	-	-
<i>Fair value reserve</i>				
At beginning of financial year/period	-	-	(33,324)	(14,333)
Add: Fair value loss on equity instruments designated at FVOCI	-	-	-	(18,991)
Less: Derecognised of fair value	-	-	33,324	-
At end of financial year/period	-	-	-	(33,324)

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

29. **(LOSS)/EARNINGS PER ORDINARY SHARE**

(a) Basic EPS

Basic (loss)/earnings per ordinary share for the financial year/period is calculated by dividing the (loss)/profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period.

	<b>Group</b>	
	<b>1.7.2023 to 30.6.2024 RM'000</b>	<b>1.1.2022 to 30.6.2023 RM'000</b>
<b>Basic (loss)/earnings per share:</b>		
(Loss)/Profit after tax attributable to Owners of the Company	<u>(20,218)</u>	<u>1,385</u>
Weighted average number of ordinary shares in issue units	<u>1,327,967</u>	<u>1,063,397</u>
Basic (loss)/earnings/ per share (sen)	<u>(1.52)</u>	<u>0.13</u>

(b) Diluted EPS

The Group has no dilution in its (loss)/earnings per ordinary share as there were no potential dilutive ordinary shares outstandings as at 30 June 2024 and 30 June 2023 respectively.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

30. **EMPLOYEE BENEFIT EXPENSES**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b> <b>to</b> <b>30.6.2024</b> <b>RM'000</b>	<b>1.1.2022</b> <b>to</b> <b>30.6.2023</b> <b>RM'000</b>	<b>1.1.2023</b> <b>to</b> <b>30.6.2024</b> <b>RM'000</b>	<b>1.1.2022</b> <b>to</b> <b>30.6.2023</b> <b>RM'000</b>
Salaries and allowances				
- Directors	559	841	-	-
- Other employees	1,044	5,314	-	-
	1,603	6,155	-	-
Employer's contribution to provident fund				
- Directors	54	81	-	-
- Other employees	118	563	-	-
	172	644	-	-
Other staff costs				
- Directors	188	179	186	176
- Other employees	(10)	582	5	11
	178	761	191	187
	<u>1,953</u>	<u>7,560</u>	<u>191</u>	<u>187</u>

31. **COMMITMENTS**

*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>1.7.2023</b> <b>to</b> <b>30.6.2024</b> <b>RM'000</b>	<b>1.1.2022</b> <b>to</b> <b>30.6.2023</b> <b>RM'000</b>
Not later than 1 year	512	902
Later than 1 year but not later than 5 years	-	153
	<u>512</u>	<u>1,055</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 31. COMMITMENTS (CONT'D)

*Operating Lease Commitments (Cont'd)*

Future minimum rental payables under non-cancellable operating leases at the reporting date are as follows:

	Group	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Not later than 1 year	<u>-</u>	<u>57</u>

## 32. 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:

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Interest income received from:				
- Subsidiary companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,961</u>
Lease of forklift paid to:				
- Related companies	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest expense paid to:				
- Directors'	6	45	-	-
- Subsidiary companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>137</u>
Repayment of lease liabilities to:				
- Related companies	<u>2,616</u>	<u>2,810</u>	<u>-</u>	<u>-</u>
Short-term lease equipment paid to:				
- Directors' related company	<u>-</u>	<u>265</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

32. **SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

(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:

	Group		Company	
	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000	1.7.2023 to 30.6.2024 RM'000	1.1.2022 to 30.6.2023 RM'000
Short-term employee benefits	747	1,021	186	176
Post-employment benefits	54	81	-	-
	<u>801</u>	<u>1,102</u>	<u>186</u>	<u>176</u>

33. **CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES**

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Financial assets</b>				
<u>Amortised cost</u>				
Trade receivables	21	-	-	-
Other receivables	362	16,684	241	3,847
Amount due from a related party	1,055	-	-	-
Fixed deposits with licensed bank	6	2,404	-	-
Cash and bank balances	632	3,362	-	2,573
	<u>2,076</u>	<u>22,450</u>	<u>241</u>	<u>6,420</u>
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade payables	4,174	941	-	-
Other payables	6,995	2,868	396	776
Amount due to a related party	4,951	-	-	-
Amount due to directors	2,472	4,290	6	7
Amount due to related companies	3,697	2,662	-	-
Amount due to subsidiaries	-	-	-	1,562
Loans and borrowings	3,980	16,731	-	-
Lease liabilities	10,458	13,998	-	-
	<u>36,727</u>	<u>41,490</u>	<u>402</u>	<u>2,345</u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**34. 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.

**(a) Market Risk**
**(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 (Cont'd)*

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>2024</b>	<b>2023</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 1% (2023: 12%)	21	284
- Weakened 1% (2023: 12%)	<u>(21)</u>	<u>(284)</u>
SGD against RM		
- Strengthened 1% (2023: 11%)	4	22
- Weakened 1% (2023: 11%)	<u>(4)</u>	<u>(22)</u>
EUR against RM		
- Strengthened 3% (2023: 7%)	-	1
- Weakened 3% (2023: 7%)	<u>-</u>	<u>(1)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(a) *Market Risk (Cont'd)*

(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.

*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.") (2023: 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 RM39,000 (2023: RM145,000) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Credit Risk (Cont'd)*

*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.

	Group			
	2024 RM'000	%	2023 RM'000	%
<u>By geographical areas</u>				
India	43	1	43	1
Kenya	4	-	3	-
Qatar	-	-	3	-
Malaysia	1,451	55	2,861	59
United States of America	969	37	1,674	35
Singapore	177	7	245	5
	2,644		4,829	
	2024 RM'000	%	2023 RM'000	%
<u>By types of customers</u>				
Third parties	2,644	100	4,829	100
	2,644		4,829	

*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 YEAR ENDED 30 JUNE 2024 (cont'd)

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*Recognition and Measurement of Impairment Loss (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 2024 which are grouped together as they are expected to have similar risk nature.

<b>Group</b>	<b>ECL Rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net balance</b>
	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>2024</u></b>				
Current (not past due)	0%	15	-	15
1 - 30 days past due	-	-	-	-
31 - 60 days past due	-	-	-	-
61 - 120 days past due	-	-	-	-
More than 121 days past due	-	-	-	-
	-	15	-	15
<b>Credit impaired</b>				
More than 90 days past due	100%	2,629	(2,623)	6
<b>Trade receivables</b>	100%	2,644	(2,623)	21

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

## (b) Credit Risk (Cont'd)

*Recognition and Measurement of Impairment Loss (Cont'd)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2024 which are grouped together as they are expected to have similar risk nature (cont'd).

Group	ECL Rate	Gross carrying		Net balance
		amount	Loss allowance	
	%	RM'000	RM'000	RM'000
<b>2023</b>				
Current (not past due)	-	-	-	-
1 - 30 days past due	-	-	-	-
31 - 60 days past due	-	-	-	-
61 - 90 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>

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*Recognition and Measurement of Impairment Loss (Cont'd)*

**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 (2023: 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 (2023: 365 days) from different customer profiles. These receivables are not secured by any collateral or credit enhancements.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

<b>Group</b>	<b>Credit RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	4,724	4,724
Reversal of impairment losses of trade receivables (Note 23)	(714)	(714)
Impairment losses of trade receivables (Note 25)	819	819
At 30 June 2023 and 1 July 2023	4,829	4,829
Reversal of impairment losses of trade receivables (Note 23)	43	43
Impairment losses of trade receivables (Note 25)	(2,249)	(2,249)
At 30 June 2024	2,623	2,623

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(b) *Credit Risk (Cont'd)*

*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.

*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 2022	3,857
Impairment losses of amount due from subsidiaries	<u>13,195</u>
At 30 June 2023 and 1 July 2023	17,052
Reversal of impairment losses of amount due from subsidiaries	<u>(17,052)</u>
At 30 June 2024	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(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.

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.

	Net carrying amount RM'000	Contractual cash flow			Total RM'000
		1 year or less RM'000	1 to 5 years RM'000	Over 5 years RM'000	
<b>Group</b>					
<b>2024</b>					
<b>Financial Assets</b>					
Trade receivables	21	21	-	-	21
Other receivables	362	362	-	-	362
Amount due from a related party	1,055	1,055	-	-	1,055
Fixed deposits with licensed bank	6	6	-	-	6
Cash and cash balances	632	632	-	-	632
Total undiscounted financial assets	2,076	2,076	-	-	2,076

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 34. 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)

	Net carrying amount RM'000	Contractual cash flow			Total RM'000
		1 year or less RM'000	1 to 5 years RM'000	Over 5 years RM'000	
<b>Group (Cont'd)</b>					
<b>2024</b>					
<b><u>Financial Liabilities</u></b>					
Trade payables	4,174	4,174	-	-	4,174
Other payables	6,995	6,995	-	-	6,995
Amount due from a related party	4,951	4,951	-	-	4,951
Amount due to directors	2,472	2,472	-	-	2,472
Amount due to related companies	3,697	3,697	-	-	3,697
Loans and borrowings	3,980	5,523	-	-	5,523
Lease liabilities	10,458	5,839	5,543	-	11,382
Total undiscounted financial liabilities	<u>36,727</u>	<u>33,651</u>	<u>5,543</u>	<u>-</u>	<u>39,194</u>
Total net undiscounted financial liabilities	<u>(34,651)</u>	<u>(31,575)</u>	<u>(5,543)</u>	<u>-</u>	<u>(37,118)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. **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)

	Net carrying amount RM'000	Contractual cash flow			Total RM'000
		1 year or less RM'000	1 to 5 years RM'000	Over 5 years RM'000	
<b>Company</b>					
<b>2024</b>					
<b>Financial Assets</b>					
Other receivables	241	241	-	-	241
Total undiscounted financial assets	241	241	-	-	241
<b>Financial Liabilities</b>					
Other payables	396	396	-	-	396
Amount due to directors	6	6	-	-	6
Total undiscounted financial liabilities	402	402	-	-	402
Total net undiscounted financial liabilities	(161)	(161)	-	-	(161)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. 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):

	Net carrying amount RM	Contractual cash flow			Total RM
		1 year or less RM	1 to 5 years RM	Over 5 years RM	
<b>Group</b>					
<b>2023</b>					
<b>Financial Assets</b>					
Other receivables	16,684	16,684	-	-	16,684
Fixed deposits with licensed bank	2,404	2,404	-	-	2,404
Cash and cash balances	3,362	3,362	-	-	3,362
Total undiscounted financial assets	<u>22,450</u>	<u>22,450</u>	<u>-</u>	<u>-</u>	<u>22,450</u>
<b>Financial Liabilities</b>					
Trade payables	941	941	-	-	941
Other payables	2,868	2,868	-	-	2,868
Amount due to directors	4,290	4,290	-	-	4,290
Amount due to related companies	2,662	2,662	-	-	2,662
Loans and borrowings	16,731	11,428	4,075	2,937	18,440
Lease liabilities	13,998	5,166	10,581	1	15,748
Total undiscounted financial liabilities	<u>41,490</u>	<u>27,355</u>	<u>14,656</u>	<u>2,938</u>	<u>44,949</u>
Total net undiscounted financial liabilities	<u>(19,040)</u>	<u>(4,905)</u>	<u>(14,656)</u>	<u>(2,938)</u>	<u>(22,499)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

34. **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)

	Net carrying amount RM	Contractual cash flow			Total RM
		1 year or less RM	1 to 5 years RM	Over 5 years RM	
<b>Company</b>					
<b>2023</b>					
<b>Financial Assets</b>					
Other receivables	3,846	3,846	-	-	3,846
Cash and cash equivalents	2,573	2,573	-	-	2,573
Total undiscounted financial assets	6,419	6,419	-	-	6,419
<b>Financial Liabilities</b>					
Other payables	776	776	-	-	776
Amount due to directors	7	7	-	-	7
Amount due to subsidiaries	1,562	1,562	-	-	1,562
Total undiscounted financial liabilities	2,345	2,345	-	-	2,345
Total net undiscounted financial liabilities	4,074	4,074	-	-	4,074

35. **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 YEAR ENDED 30 JUNE 2024 (cont'd)

36. **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:

	Company	
	Carrying amount RM'000	Fair value Level 3 RM'000
<b>2024</b>		
<b>Assets</b>		
Other investment	-	-
<b>2023</b>		
<b>Assets</b>		
Other investment	-	-

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.

(b) *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 YEAR ENDED 30 JUNE 2024 (cont'd)

37. SEGMENT INFORMATION (CONT'D)

	Manufacturing RM'000	Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b>2024</b>						
<b>Included in the measure of segment lossare: (Cont'd)</b>						
Balance brought forward	6,533	3,003	2,788	12,324	(4,370)	7,954
Loss/(Gain) on foreign exchange, net	-	1	-	1	-	1
- Realised	(32)	-	-	(32)	-	(32)
- Unrealised	-	(1,562)	-	(1,562)	1,562	-
Reversal impairment loss on:						
- Amount due from immediate holding company	-	-	(17,052)	(17,052)	17,052	-
- Amount due from subsidiaries company	(3,572)	(2,281)	-	(5,853)	5,853	-
- Amount due from fellow subsidiary	(5,179)	(1,451)	-	(6,630)	4,381	(2,249)
- Trade receivables						
Waiver of:						
- Amount due from fellow subsidiary	(1,761)	(6,050)	-	(7,811)	7,811	-
- Trade receivables	(855)	(3,589)	-	(4,444)	4,444	-
Written off of trade payables	-	(95)	-	(95)	-	(95)
	<u>(4,866)</u>	<u>(12,024)</u>	<u>(14,264)</u>	<u>(31,154)</u>	<u>36,733</u>	<u>5,579</u>
Segment assets	<u>64,723</u>	<u>51,297</u>	<u>58,477</u>	<u>174,497</u>	<u>(58,159)</u>	<u>116,338</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

37. SEGMENT INFORMATION (CONT'D)

	Property Development RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b>2023</b>							
<b>Revenue:</b>							
Sales to external customers	9,925	316	214,320	-	224,561	(1,213)	223,348
- Local	-	2,499	51	-	2,550	-	2,550
- Export	9,925	2,815	214,371	-	227,111	(1,213)	225,898
Total Revenue	(44,282)	(6,101)	(2,533)	(3,664)	(56,580)	44,201	(12,379)
Segment loss before tax							
<b>Included in the measure of segment loss are:</b>							
Depreciation of property, plant and equipment	13,774	1,824	115	5	15,718	(13,760)	1,958
Interest income	(102)	(70)	(306)	(1,961)	(2,439)	2,268	(171)
Bad debt recovered	-	-	(6)	-	(6)	-	(6)
Gain on disposal of property, plant and equipment	-	(9,415)	-	-	(9,415)	-	(9,415)
Gain on disposal of investment of subsidiaries	-	-	-	(1,500)	(1,500)	(25,791)	(27,291)
Interest expenses	13	3,919	1,585	3,005	8,522	(2,286)	6,236
Loss on cash in hand	4	-	5	-	9	-	9
Impairment loss on:							
- Amount due from subsidiaries	-	-	-	13,195	13,195	(13,195)	-
Balance carried forward	(30,593)	(9,843)	(1,140)	9,080	(32,496)	(8,563)	(41,059)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

37. SEGMENT INFORMATION (CONT'D)

	Property Development RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Subtotal RM'000	Adjustment/ Elimination RM'000	Total RM'000
<b>2023</b>							
<b>Included in the measure of segment loss are: (Cont'd)</b>							
Balance brought forward	(30,593)	(9,843)	(1,140)	9,080	(32,496)	(8,563)	(41,059)
Impairment loss on: (Cont'd)							
- Amount due from fellow subsidiaries	-	2,594	1,616	-	4,210	(4,210)	-
- Investment in subsidiaries	-	-	-	2,169	2,169	(2,169)	-
- Trade receivables	27,642	752	388	-	28,782	(27,963)	819
- Other receivables	328	47	-	-	375	(328)	47
Loss/(Gain) on foreign exchange, net							
- Realised	-	26	65	-	91	-	91
- Unrealised	-	(33)	6	-	(27)	-	(27)
Reversal impairment loss on:							
- Amount due from immediate holding company	-	-	(782)	-	(782)	782	-
- Amount due from fellow subsidiaries	-	(17)	-	-	(17)	17	-
- Investment in subsidiaries	-	-	-	(500)	(500)	500	-
Balance carried forward	(2,623)	(6,474)	153	10,749	1,805	(41,934)	(40,129)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

### 37. 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 four (4) operating segments:

- i. Property development;
- ii. Manufacturing of furniture,
- iii. Trading of steel and furniture; 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 YEAR ENDED 30 JUNE 2024 (cont'd)

38. **CONTINGENT LIABILITIES**

	<b>Group</b>	
	<b>2024</b>	<b>2023</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>11,852</u>	<u>2,446</u>
	<b>Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Financial guarantee granted to licensed banks in respect of banking facilities held by subsidiaries	<u>9,072</u>	<u>13,468</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-137-03/2021 (previously known as WA-B52NCC-41-01/2021)* as disclosed in Note 38(b) respectively. The next hearing date is fixed on 20 November 2024 for a Hearing of the After Trial Submission.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that the evidence produced are not favourable to the case and does not support the EHB case. There is a high chance that the Judgment will be entered against EHB. Hence, the possibility of an outflow in settlement is relatively uncertain.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 38. 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 Chiu 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 38(a) respectively. The next hearing date is fixed on 20 November 2024 for a Hearing of the After Trial Submission.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that the evidence produced are not favourable to the case and does not support the EHB case. There is a high chance that the Judgment will be entered against EHB. Hence, the possibility of an outflow in settlement is relatively uncertain.

- (c) **Kuala Lumpur High Court Case No. N/4-22NCC-246-06/2020 (Suit 246). ADY Marketing Sdn. Bhd. (“Plaintiff”) v. Euroland & Development Sdn. Bhd. (“ELD”) and Euro Holdings Berhad (“EHB”) (collectively “Defendants”)**

ELD and EHB have been served with a sealed Writ dated 17 June 2020 and a sealed amended Statement of Claim dated 18 August 2020 for, amongst others, a principal sum of RM1,416,753.60 owing and accumulated by ELD, where EHB acts as guarantor for full repayment of the overdue debt owing by ELD to ADY. ADY has further claimed against ELD for the remaining sum of RM120,329.69 which exceeded the limit guaranteed by EHB together with the outstanding late payment interest of RM479,688.07 incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

38. **CONTINGENT LIABILITIES (CONT'D)**

(c) **Kuala Lumpur High Court Case No. N/4-22NCC-246-06/2020 (Suit 246). ADY Marketing Sdn. Bhd. ("Plaintiff") v. Euroland & Development Sdn. Bhd. ("ELD") and Euro Holdings Berhad ("EHB") (collectively "Defendants") (Cont'd)**

EHB has subsequently on 3 September 2020 filed the amended Statement of Defence and Counter claim dated 26 August 2020, where EHB has counterclaimed against ADY for, inter alia, the following: -

- (i) a declaration that ADY has conspired with the conspirators vide unlawful means to cheat and/or to deceive EHB and ELD which caused them to suffer losses: and
- (ii) damages to be assessed by the Court for the losses suffered by EHB and ELD based on the conspiracy action of ADY and the conspirators against them.

The plaintiff had on 1 September 2020 filed the Reply and Defence to Counterclaim dated 28 August 2020. The plaintiff had also on 26 August 2020 filed a Notice of Application for Summary Judgement against the defendants but the said application was withdrawn on 15 October 2020. The plaintiff has filed a Notice of Application to strike out EHB's and ELD's counterclaims but the said application has been withdrawn.

The High Court had on 16 December 2020 granted an order to transfer this legal suit to be heard together with the legal suit set out in the above. ELD has entered a consent judgment with the Plaintiff in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter.

The matter had been consolidated with WA-22NCC-137-03/2021 (previously known as WAB52NCC-41-01/2021) and WA-22NCC-632-12/2020 (previously known as BAB52NCC-13307/2020) as disclosed in Note 38(a) & 38(b) respectively. The trial for the matter has been completed. The next hearing date is fixed on 20 November 2024 for a Hearing of the After Trial Submission.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that the evidence produced are not favourable to the case and does not support the EHB case. There is a high chance that the Judgment will be entered against EHB. Hence, the possibility of an outflow in settlement is relatively uncertain.

(d) **Kuala Lumpur High Court ("High Court") Case No. WA-22NCC-355-08/2021 consolidated and new case number under Kuala Lumpur High Court Case No. WA-22NCC-550-12/2021 (Suit 550). All Ways Builder Sdn. Bhd. ("AWB") v. Euroland & Development Sdn. Bhd. ("ELD") and Euro Holdings Berhad ("EHB")**

ELD and EHB had been served with a Writ and Statement of Claim both dated 13 August 2021, by AWB for, amongst others, to jointly and severally pay a sum of RM8,767,031.97 with interest to AWB as the outstanding sum owed. AWB claimed that it is the main contractor of ELD for the project to be developed and it has completed the project with the "Conditional Certificate of Practical Completion"

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

## 38. CONTINGENT LIABILITIES (CONT'D)

- (d) **Kuala Lumpur High Court (“High Court”) Case No. WA-22NCC-355-08/2021 consolidated and new case number under Kuala Lumpur High Court Case No. WA-22NCC-550-12/2021 (Suit 550). All Ways Builder Sdn. Bhd. (“AWB”) v. Euroland & Development Sdn. Bhd. (“ELD”) and Euro Holdings Berhad (“EHB”) (Cont’d)**

ELD and EHB have on 6 October 2021 filed their Defence and Counterclaim against AWB, Chia Chiew Hoon, Wong Kin Sing, Choong Yuen Keong @ Tong Yuen Keong, Tong Yun Mong and Tong Kah Hoe to counterclaim for, amongst others, conspiring in causing ELD and EHB funds to be channelled out through the project. AWB has then filed its Reply to Defence and Defence to the Counterclaim on 27 October 2021.

EHB has subsequently on 11 October 2021 filed a Notice of Application to strike out the plaintiff’s claim or alternatively, to transfer this legal suit to be heard together with the legal suit set out in the above. The application to transfer this legal suit was granted on 1 December 2021.

Euroland entered a consent judgment with Plaintiff in November 2023 to settle all the outstanding sums despite the alleged conspiracy issue in the matter. AWB has adjourned bankrupt on 15 February 2024 after the Order for Winding-Up was entered against them by Ban Hee Metal Sdn.Bhd.

The trial for the matter has been completed. The next hearing date is fixed on 20 November 2024 for a Hearing of the After Trial Submission.

As the legal proceedings are still ongoing, the solicitors of the Group are of the opinion that the evidence produced are not favourable to the case and does not support the EHB case. There is a high chance that the Judgment will be entered against EHB. Hence, the possibility of an outflow in settlement is relatively uncertain.

- (e) **Malacca High Court Writ Summon No. MA-22 NCC-22-10/2023. Surian Creations Sdn. Bhd. (“Surian”) v. Dato‘Sri Lim Teck Boon (“DSLTB”) and 26 ors.**

Euro Holdings Berhad (“EHB”) and its subsidiaries, Eurosteel Line Sdn. Bhd. (“ESL”), Euro Space Industries (M) Sdn. Bhd. (“ESI”) and Euro Space System Sdn. Bhd. (“ESS”) had on 3 November 2023 received a Writ of Summons and Statement of Claim dated 30 October 2023 and 31 October 2023 respectively.

EHB, ESL, ESI and ESS have been named co-defendants by Surian in a claim that the companies had conspired with EHB’s former director, DSLTB and the other defendants in the suit to create fictitious documents and/or transactions with the intention to injure Surian.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (cont'd)

**38. CONTINGENT LIABILITIES (CONT'D)**

**(e) Malacca High Court Writ Summon No. MA-22 NCC-22-10/2023. Surian Creations Sdn. Bhd. ("Surian") v. Dato'Sri Lim Teck Boon ("DSLTB") and 26 ors. (Cont'd)**

Surian had claimed against the defendants, including EHB, ESL, ESI and ESS, jointly and severally, as follows: -

- (i) a sum of RM19,285,007.35;
- (ii) general damages to be assessed by the High Court;
- (iii) exemplary damages to be assessed by the High Court;
- (iv) aggravated damages to be assessed by the High Court;
- (v) cost on a solicitor-client basis;
- (vi) interest above the sum of RM19,285,007.35 and any damages awarded by the High Court, at the rate of 5% per annum from the date of the Writ of Summons until the date of full settlement thereof; and
- (vii) such further or other relief as the High Court deems fit and proper.

On 3 September 2024, the Malacca High Court had struck out the entire suit filed by Surian against EHB and its subsidiaries, ESL, ESI and ESS with costs.

On 24 September 2024, Surian had filed an appeal against the Malacca High Court's decision of 3 September 2024.

The board of directors are advised by EHB's legal counsel that Surian's appeal has no merits.

**39. SIGNIFICANT EVENT DURING THE REPORTING PERIOD**

On 7 June 2024, the subsidiary company, Euro Chairs Manufacturer (M) Sdn. Bhd. was authorised to enter into a Sale and Purchase Agreement with TTF Marketing Holdings Sdn. Bhd. to sell all that piece of industrial land under GRN 86293, Lot 178 Seksyen 19, Bandar Rawang, Daerah Gombak, State of Selangor together with a storey detached factory with an annexed 3 storey office building, a TNB substation and a guard house and bears the postal address of Wisma Euro Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor for a consideration of RM17,300,000.

**40. COMPARATIVE FIGURES**

The financial statements for the current financial year covered the period from 1 July 2023 to 30 June 2024.

The financial statements for the preceding financial period covered the period from 1 January 2022 to 30 June 2023.

Therefore, the comparatives figures in the statement of profit or loss and other comprehensive income, the statement changes in equity, the statement of cash flow and related note are not comparable.

## ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2024

<b>Share Capital</b>	:	RM95,508,075.85 comprising of 1,327,967,100 ordinary shares
<b>Class of Shares</b>	:	Ordinary Shares
<b>Voting Rights</b>	:	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Holders	%	No. of Shares Held	%
1 – 99	7	0.100	114	0.000
100 - 1,000	1,417	19.310	1,097,501	0.083
1,001 - 10,000	2,615	35.640	14,608,215	1.100
10,001 - 100,000	2,584	35.210	98,857,170	7.444
100,001 to less than 5% of shares	714	9.730	706,538,000	53.204
5% and above of issued shares	1	0.010	506,866,100	38.169
<b>Total</b>	<b>7,338</b>	<b>100.000</b>	<b>1,327,967,100</b>	<b>100.000</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.	Lt Gen (R) Dato' Sri Sabri bin Adam	-	-	-	-
2.	Datin Sri Ong Lely	-	-	2,068,500	0.156 <sup>^</sup>
3.	Datuk Lim Sze Way	-	-	285,000**	0.021**
4.	Yong Teck Wee	1,296,000	0.098	-	-
5.	Tan Poh Ling	-	-	-	-
6.	Chua Yeow Fatt	-	-	-	-
7.	Datuk Azmi Bin Hussain	-	-	-	-
8.	Yip Kit Weng	-	-	-	-

<sup>^</sup> Deemed interested due to her shareholding held in PH Performance (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and the shareholdings held by her spouse, namely Dato' Sri Lim Teck Boon, pursuant to Section 59(11)(c) of the Companies Act, 2016.

\*\* Deemed interested due to her shareholding held in PH Performance (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

### 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	0.134	508,559,200*	38.296
2.	Dato' Lim Chaw Teng	-	-	508,559,200*	38.296
3.	S.P.A. Furniture (M) Sdn. Bhd.	508,559,200	38.296	-	-

\*Deemed interested by virtue of his shareholding held in S. P. A. Furniture (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

Analysis of Shareholdings  
 As at 30 September 2024 (cont'd)

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares Held	%
1	S.P.A Furniture (M) Sdn. Bhd.	506,866,100	38.17
2	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For JC Machinery Industry Sdn Bhd	44,905,000	3.38
3	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Perfect Hexagon Commodity & Investment Bank Limited (ED)	37,000,000	2.79
4	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Tsui Mei (M04)	31,200,000	2.35
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chan Fook Lin (M04)	31,105,000	2.34
6	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Too Poh Hwee (M04)	27,800,000	2.09
7	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Doris Liaw Mei Kin (M04)	24,500,000	1.84
8	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Too Poh Boon (M04)	22,300,000	1.68
9	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Yim Poh (M04)	22,055,000	1.66
10	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chew Hup Hai (M04)	22,040,000	1.66
11	TA Nominees (Tempatan) Sdn Bhd (268290-H) Pledged Securities Account For Oriental Southern Dragon Sdn Bhd	17,000,000	1.28
12	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Fook Lin	16,133,000	1.21
13	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Tsui Mei	16,133,000	1.21
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chew Hup Hai	16,133,000	1.21
15	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Too Poh Boon	16,133,000	1.21
16	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Too Poh Hwee	16,133,000	1.21
17	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kai Lee	16,115,100	1.21
18	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ocean East Vision Sdn Bhd	15,000,000	1.13
19	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Doris Liaw Mei Kin	11,000,000	0.83
20	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Chin Seong (7014455)	10,000,000	0.75
21	Lee Siew Kim	9,460,400	0.71
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teoh Ching Wan (E-TAI/PRS)	6,509,300	0.49
23	Kenanga Nominees (Tempatan) Sdn Bhd Tan Pow Choo @ Wong Seng Eng (EM1-CN)	6,260,100	0.47
24	Tiu Yee Soon	5,700,000	0.43
25	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Tan Yew Hock	5,200,000	0.39
26	Apex Securities Berhad IVT PDR 201 Leonard Chin Yen Haw	4,845,900	0.36
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Too Poh Boon (E-Jah)	4,700,000	0.35
28	Wu.Shaoling	4,210,000	0.32
29	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Ng Chiew Eng @ Ng Chiew Ming (MY3087)	3,500,000	0.26
30	Lim Lay Ching	3,350,000	0.25
	<b>TOTAL</b>	<b>973,286,900</b>	<b>73.29</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 2024 (RM'000)	Year of acquisition/ construction/ revaluation
ESI	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan	Industrial land with factory buildings erected thereon comprising:	210,101	108,116 149,406	18 years/ Freehold 14 years / Freehold	26,661	2006 2010
	Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	i. One and a half (1 ½) storey detached factory; and ii. Annexed four (4) storey office building					

# NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth (“20<sup>th</sup>”) Annual General Meeting (“AGM”) of the Company will be conducted on a 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, 17 December 2024 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 year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon.  | <i>(Please refer to Explanatory Note 1 on Ordinary Business)</i> |
| 2. | To re-elect the following Directors who shall retire by rotation pursuant to Clause 105(1) of the Company’s Constitution and being eligible, have offered themselves for re-election: <ul style="list-style-type: none"> <li>a) Madam Tan Poh Ling</li> <li>b) Datuk Lim Sze Way</li> </ul> | <i>Ordinary Resolution 1</i><br><i>Ordinary Resolution 2</i>     |
| 3. | To re-elect Mr Yong Teck Wee who retire in accordance with Clause 114 of the Company’s Constitution and being eligible, has offered himself for re-election.  | <i>Ordinary Resolution 3</i>                                     |
| 4. | To approve the payment of the Directors’ Fees and other benefits of up to RM240,000 payable to the Non-Executive Directors of the Company from 18 December 2024 until the conclusion of the next AGM of the Company.  | <i>Ordinary Resolution 4</i>                                     |
| 5. | 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 5</i>                                     |

### As Special Business

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

- |    |  |                              |
|----|--|------------------------------|
| 6. | <b>AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b> | <i>Ordinary Resolution 6</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 the Twentieth Annual General Meeting (cont'd)

### 7. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

*Ordinary Resolution 7*

"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 30 October 2024 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."

### 8. **PROPOSED RENEWAL OF 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 RENEWAL OF SHARE BUY-BACK AUTHORITY")**

*Ordinary Resolution 8*

"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 the Twentieth 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.”

9. 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

Dated: 30 October 2024

### 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 20<sup>th</sup> AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 9 December 2024. Only a depositor whose name appears on the Record of the Depositor as at 9 December 2024 shall be entitled to participate the virtual meeting or appoint proxies to participate and/or vote on his/her behalf.

## Notice of the Twentieth Annual General Meeting (cont'd)

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 20<sup>th</sup> AGM. Please refer to the Administrative Guide for the 20<sup>th</sup> AGM for further details.
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 a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

#### **2. Ordinary Resolutions 1 to 2 – Re-election of Directors 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.

Madam Tan Poh Ling and Datuk Lim Sze Way are standing for re-election. For the purpose of determining the eligibility of the Directors to stand for re-election at the 20<sup>th</sup> AGM, the Nomination and Remuneration Committee ("NRC") has considered and recommended Madam Tan Poh Ling and Datuk Lim Sze Way for re-election by rotation pursuant to Clause 105(1) of the Company's Constitution.

#### **3. Ordinary Resolution 3 – Re-election of Director 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 Yong Teck Wee was appointed as the Executive Director of the Company on 9 May 2024. Mr Yong Teck Wee is standing for re-election as Directors of the Company pursuant to Clause 114 of the Company's Constitution, being eligible and has offered himself for re-election. The NRC has considered and recommended Mr Yong Teck Wee for re-election pursuant to Clause 114 of the Company's Constitution.

#### **4. Ordinary Resolution 4 – Payment of Directors' Fees and other benefits**

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 20<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.

At the 19<sup>th</sup> AGM of the Company, the shareholders had approved the payment of Directors' Fees of RM240,000-00 and meeting allowance of RM500 per meeting for each Director.

## Notice of the Twentieth Annual General Meeting (cont'd)

### 5. **Ordinary Resolution 6 - 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") for the financial year ended 30 June 2024. The Board has therefore recommended the re-appointment of ChengCo as external auditors of the Company for the financial year ending 30 June 2025.

### 6. **Special Business: Ordinary Resolution 6 - Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 6, 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 of the date of this Notice, no new shares in the Company were issued and allotted pursuant to the Previous Mandate granted to the Directors at the 19<sup>th</sup> AGM held on 5 December 2023 which will lapse at the conclusion of this 20<sup>th</sup> AGM.

### 7. **Special Business: Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate**

The proposed Ordinary Resolution 7, 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 30 October 2024.

### 8. **Special Business: Ordinary Resolution 9 - Proposed Share Buy-Back**

This proposed Ordinary Resolution 9, 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 30 October 2024.

## **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 20<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 6 of the Notice of the 20<sup>th</sup> AGM of the Company.

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**EURO HOLDINGS BERHAD**  
**[Registration No. 200401008055 (646559-T)]**

**FORM OF PROXY**

No. of shares held	
CDS Account No.	

I/We \_\_\_\_\_ [Full Name in Block Letters] NRIC

No \_\_\_\_\_ of \_\_\_\_\_

[Full Address], \_\_\_\_\_ [Email Address], \_\_\_\_\_ [Contact No.]

being a member(s) of EURO HOLDINGS BERHAD (“the Company”), hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC / Passport No.		
Full Address		
Contact No.		
		100%

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 20<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, 17 December 2024 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” 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.

Resolutions	Subject	FOR	AGAINST
OR 1	To re-elect Madam Tan Poh Ling who retires in accordance with Clause 105(1) of the Company’s Constitution.		
OR 2	To re-elect Datuk Lim Sze Way who retires in accordance with Clause 105(1) of the Company’s Constitution.		
OR 3	To re-elect Mr Yong Teck Wee who retires in accordance with Clause 114 of the Company’s Constitution.		
OR 4	To approve the payment of the Directors’ Fees and other benefits of up to RM240,000 payable to the Non-Executive Directors of the Company from 18 December 2024 until the conclusion of the next AGM of the Company.		
OR 5	Re-appointment of Messrs. ChengCo PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
OR 6	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
OR 7	Proposed Renewal of Shareholders’ Mandate		
OR 8	Proposed Renewal of Share Buy-Back Authority		

Signed this..... day of ..... 2024

.....  
 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 20th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 9 December 2024. Only a depositor whose name appears on the Record of the Depositor as at 9 December 2024 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 20<sup>th</sup> AGM. Please refer to the Administrative Guide for the 20<sup>th</sup> AGM for further details.
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

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Menara Euro  
Lot 20111, Jalan TTC12,  
Kawasan Perindustrian Cheng,  
Mukim Cheng, Daerah Melaka Tengah,  
75250 Melaka.

Tel: 06-3376666

[www.euroholdings.com.my](http://www.euroholdings.com.my)  
[www.eurochairs.com](http://www.eurochairs.com)