



SHH RESOURCES HOLDINGS BERHAD

Registration No: 199401018548 (304227-U)
(Incorporated In Malaysia)

ANNUAL REPORT

2024

CONTENTS

Notice of Annual General Meeting	02
Statement Accompanying Notice of Annual General Meeting	06
Corporate Information	08
Corporate Structure	09
Profile of Directors	10
Profile of Key Senior Management	14
Chairman's Statement	15
5-Years Financial Highlights	17
Management Discussion & Analysis	18
Corporate Governance Overview Statement	26
Additional Compliance Information	37
Recurrent Related Party Transactions	38
Directors' Responsibilities Statement	39
Audit Committee Report	40
Statement on Risk Management and Internal Control	42
Sustainability Statement	46
Financial Statements	63
List of Landed Properties	127
Statistics on Shareholdings	129
Form of Proxy	

MISSION STATEMENT

"To constantly strive for excellence in production efficiency, product quality and competitive pricing to ensure sustainability whilst safeguarding the interests of all stakeholders."



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting ("AGM") of the Company will be conducted entirely through live streaming from the Broadcast Venue at 12th Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 29th November 2024 at 10.30 a.m. or any adjournment thereof via online meeting platform at <https://meeting.boardroomlimited.my> for the transaction of the following businesses:-

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30th June 2024 together with the Reports of the Directors and the Auditors thereon.
(Please refer to Note A)
2. To approve the payment of Directors' fees and allowances up to RM500,000 for the financial period commencing from the date of the current annual general meeting to the conclusion of the next annual general meeting, payable monthly in arrears after each month of completed service of the Directors.
(Resolution 1)
3. To declare a first and final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30th June 2024.
(Resolution 2)
4. To re-elect the following Directors who retire in accordance with Clause 90 of the Company's Constitution:-
(a) Dato' Haji Obet Bin Tawil (Resolution 3)
(b) Lew Khim Khim (Ken Lew) (Resolution 4)
5. To re-elect the following Director who retires in accordance with Clause 98 of the Company's Constitution:-
(a) Stephen Low Chee Weng (Resolution 5)
6. To re-appoint Messrs. PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)

As Special Business

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

7. Authority to Issue Shares
"THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time ("10% General Mandate");

THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 9 of the Company's Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, such new shares when issued, to rank pari passu with the existing shares in the Company.

AND THAT the Directors be hereby also empowered to obtain approval from Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 10% General Mandate on Bursa Securities; FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 7)

8. **Proposed Renewal of Share Buy-Back Mandate**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines, the Directors of the Company be hereby given full authority, to allocate an amount not exceeding the total available retained profits of the Company based on its latest audited financial statements available up to the date of the transaction for the purpose of and to purchase such amount of ordinary shares in the Company ("Shares") as may be determined by the Directors from time to time through Bursa Securities as the Directors may deem fit and in the best interest of the Company provided that the aggregate number of Shares to be purchased and/ or held as treasury shares pursuant to this resolution does not exceed ten percentum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time;

THAT upon the purchase by the Company of its own Shares, the Directors of the Company be hereby authorised to retain such Shares so purchased as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be hereby authorised to distribute the treasury shares as dividends to the shareholders of the Company and/or resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancel the treasury shares or any combination thereof;

AND THAT such approval and authorisation shall be effective immediately upon the passing of this resolution and continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- b. the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Act (but shall not extend to 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 occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities;

FURTHER THAT the Directors of the Company be hereby authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give effect to this mandate."

(Resolution 8)

9. To transact any other ordinary business of the Company for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 30th June 2024, if approved by shareholders at the forthcoming 30th AGM, will be paid on 15th January 2025 to depositors registered in the Record of Depositors of the Company at the close of business on 27th December 2024.

A depositor shall qualify for entitlement only in respect of: -

- a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 27th December 2024 in respect of ordinary transfers; or
- b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

Tan Kok Siong (LS0009932)
Tiew Sze Hann (MAICSA 7058007)
Yee Sek Ling (LS0010508)
Company Secretaries
Kuala Lumpur
30th October 2024

NOTES:-

(A) This Agenda item is meant for discussion only as provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. A proxy may but need not be a member of the Company pursuant to Section 334 of the Act.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The Form of Proxy shall be executed under the hand of the appointer or his/her attorney duly authorised in writing or if such an appointer is a corporation, under its common seal or under the hand of its attorney. The Form of Proxy must be duly completed and deposited at Lot 506 & 507A, 5th Floor, Tower 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur, Wilayah Persekutuan or submitted via email to agm2024@shh.com.my or lodged electronically via "Boardroom Smart Investor Portal" at <https://investor.boardroomlimited.com>, not less than twenty-four (24) hours before the time set for holding of the 30th AGM or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires all resolutions set out in the Notice of the 30th AGM to vote by poll.
4. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the 30th AGM as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
5. Only members registered in the Record of Depositors as at 22nd November 2024 shall be eligible to attend the 30th AGM or appoint a proxy to attend and vote on his/her behalf.
6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
7. As the 30th AGM will be conducted entirely through live streaming from the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the 30th AGM.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8. Approval of Directors' fees and allowances for the financial year ending 30th June 2025. The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and allowances from 29th November 2024 until the date of next Annual General Meeting ("the said period").

The Directors' fees and allowances proposed for the said period are calculated based on the number of scheduled Board and Committee Meetings and assuming that all Directors will hold office until the conclusion of the next Annual General Meeting.

In the event the Directors' fees proposed are insufficient (e.g., due to more meetings), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

9. Re-election of Retiring Directors

The Nomination Committee ("NC") had assessed the performance and attributes of the Board, Board Committees and individual Directors in respect of their effectiveness and contribution to the Company, based on a set of prescribed criteria.

Based on this annual assessment conducted, the NC was of the view that the existing Board and each of its members have the requisite competence and capability to contribute to the needs of the Company and they had sufficiently demonstrated their commitment to the Group in terms of time and participation at meetings during the year under review.

Accordingly, the NC recommended to the Board the re-election of the retiring Directors, namely, Dato' Haji Obet Bin Tawil, Lew Khim Khim and Stephen Low Chee Weng at the 30th AGM. Based on the recommendation of the NC, the Board supports the re-election of the retiring Directors at the 30th AGM.

The profile of the Directors standing for re-election is set out in the Information on Directors in the Annual Report 2024.

Explanation Notes on Special Businesses:-

10. The Ordinary Resolution proposed under Item 7 (**Resolution 7**) is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company at any point of time ("10% General Mandate"). This 10% General Mandate, unless revoked or varied at a general meeting, will expire at the next AGM.

With this 10% General Mandate, the Company will be able to raise funds for the purpose of funding future investments, working capital and/or acquisitions. The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 10% General Mandate is in the best interest of the Company and its shareholders.

11. The Ordinary Resolution proposed under Item 8 (**Resolution 8**), if passed, will empower the Directors of the Company to purchase Shares in the Company up to an amount not exceeding ten percentum (10%) of the total issued shares of the Company (excluding treasury shares) as they consider would be in the interest of the Company. Further details of the Proposed Share Buy-Back are provided in the Statement to Shareholders dated 30th October 2024.

12. **Annual Report 2024**

The Annual Report 2024 can be accessed from the website of Bursa Securities at www.bursamalaysia.com. It can also be downloaded from the Company's website at www.shh.com.my. Shareholders who wish to receive the printed Annual Report 2024, please contact Boardroom Share Registrars Sdn Bhd at Tel no. 03-7890 4700 (HelpDesk) or email to bsr.helpdesk@boardroomlimited.com.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individuals standing for election as directors

No individual is seeking election as a Director at the forthcoming Annual General Meeting of the Company.

Name of Directors Standing for Re-appointment/Re-election

The Directors standing for re-appointment/re-election at the forthcoming Annual General Meeting are as follows:-

Pursuant to Clause 90 of the Company's Constitution:-

1. Dato' Haji Obet Bin Tawil
2. Lew Khim Khim (Ken Lew)

Pursuant to Clause 98 of the Company's Constitution:-

1. Stephen Low Chee Weng

Details of Attendance of Directors at Board Meetings

Five (5) board meetings were held during the financial year ended 30th June 2024. Details of the attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Dato' Haji Obet Bin Tawil	4/5
Teo Chee Teng (resigning on 2nd November 2024)	4/5
Lew Khim Khim (Ken Lew)	5/5
Grace Khoo Ting Ting	5/5
Tan Chin Kiat	5/5
Wong Wen Miin	5/5
Marissa Lee Sher May (appointed on 6th July 2023)	5/5
Stephen Low Chee Weng (appointed on 2nd January 2024)	2/2
Datin Teo Chan Huat (Resigned on 2nd October 2024)	5/5
Ng Sai Gooi (Resigned on 24th November 2023)	3/3

Date, Time and Place of the Annual General Meeting

Date : 29th November 2024

Time : 10.30 a.m.

Place : Broadcast Venue (Virtual AGM)

Level 12, Menara Symphony,
No.5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

Details of Directors Standing for Re-appointment/Re-election

The details of Directors standing for re-appointment/re-election at the abovementioned Annual General Meeting are as follows:-

Dato' Haji Obet Bin Tawil	
Profile of Director	As set out in the Profile of Directors on pages 10 to 13 of the Annual Report
Securities holding in the Company and its subsidiaries	Direct – Nil ordinary shares Indirect – Nil ordinary shares
Lew Khim Khim (Ken Lew)	
Profile of Director	As set out in the Profile of Directors on pages 10 to 13 of the Annual Report
Securities holding in the Company and its subsidiaries	Direct – Nil ordinary shares Indirect – 30,000,400 ordinary shares
Stephen Low Chee Weng	
Profile of Director	As set out in the Profile of Directors on pages 10 to 13 of the Annual Report
Securities holding in the Company and its subsidiaries	Direct – Nil ordinary shares Indirect – Nil ordinary shares

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Haji Obet bin Tawil*	(Chairman)
Teo Chee Teng	(Managing Director)
Lew Khim Khim (Ken Lew)	(Executive Director)
Grace Khoo Ting Ting	(Executive Director)
Tan Chin Kiat*	
Wong Wen Miin*	
Marissa Lee Sher May*	
Stephen Low Chee Weng*	

Audit Committee

Stephen Low Chee Weng*	(Chairman)
Wong Wen Miin*	
Marissa Lee Sher May*	

Nominating Committee

Wong Wen Miin*	(Chairman)
Tan Chin Kiat*	
Marissa Lee Sher May*	

Remuneration Committee

Tan Chin Kiat*	(Chairman)
Stephen Low Chee Weng*	
Wong Wen Miin*	

Risk Management Committee

Marissa Lee Sher May*	(Chairman)
Wong Wen Miin*	
Tan Chin Kiat*	

Senior Independent Director

Dato' Haji Obet bin Tawil*

* Independent Non-Executive Director

Company Secretaries

Tan Kok Siong (LS0009932)
Tiew Sze Hann (MAICSA 7058007)
Yee Sek Ling (LS0010508)

Registered Office

No. 18-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel No. : 03 -79842018
Fax No. : 03 -79849872

Principal Place of Business

PLO 1,
Kawasan Perindustrian Pagoh
84600 Pagoh, Muar
Johor Darul Takzim

Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03 - 78904700
Fax No. : 03 - 78904670

Auditors

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
Chartered Accountants

Principal Bankers

CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

Stock Exchange Listing

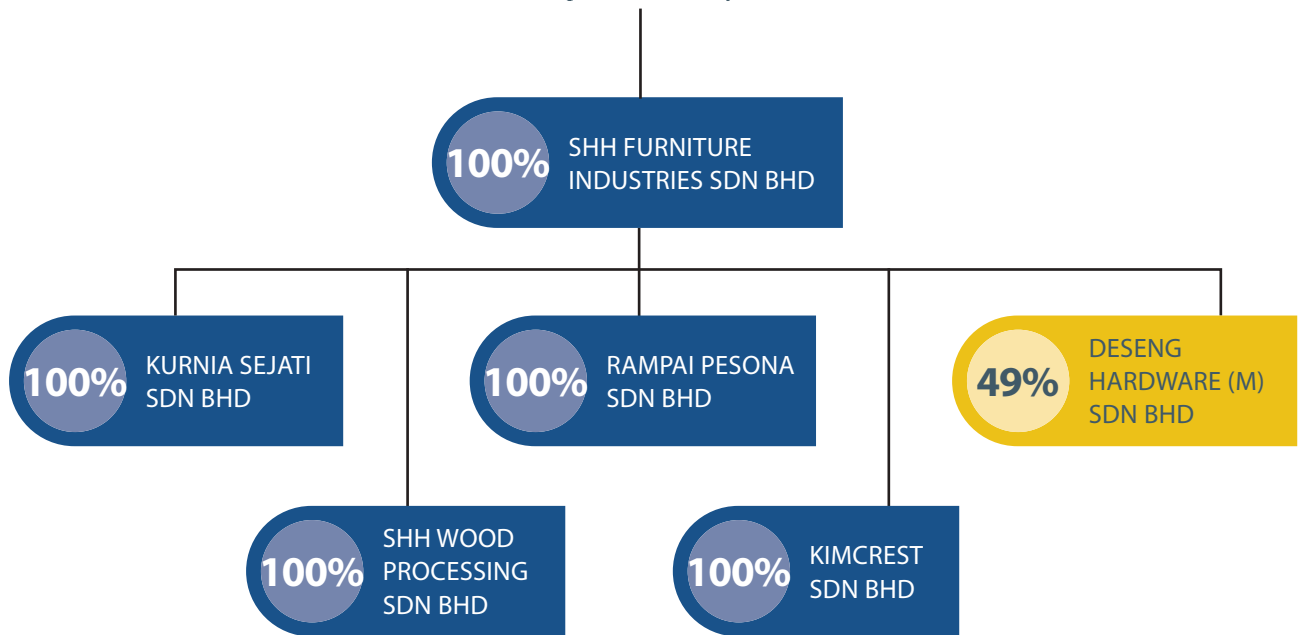
Main Market of the Bursa Malaysia
Securities Berhad

CORPORATE STRUCTURE



SHH RESOURCES HOLDINGS BERHAD

Registration No: 199401018548 (304227-U)
(Incorporated In Malaysia)



PROFILE OF DIRECTORS

DATO' HAJI OBET BIN TAWIL

*Chairman
(Independent
Non-Executive Director)*

Dato' Haji Obet Bin Tawil, Malaysian, male, aged 70, was appointed to the Board of the Company on 31st March 2017 and is currently the Chairman of the Board. He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economic Degree with Honours, majoring in Analytical Economics. Dato' Haji Obet was the State Secretary of Johor from March 2011 until April 2014 before his retirement on 9th April 2014. Prior to that, he was the Director of Johor Land and Mines Department. He has served in the public sector since 1979 in various government agencies, including the Land Offices of Mersing, Kluang and Muar. Dato' Haji Obet was a director of Johor Corporation and Universiti Teknologi Malaysia from 14th March 2011 until 9th April 2014. He was previously a member of the Iskandar Regional Development Authority.

He is not a director of any other public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

TEO CHEE TENG

*Managing Director
(Non-Independent
Executive Director)*

Teo Chee Teng, Malaysian, female, aged 26 was appointed to the Board on 21st February 2023. She holds a Bachelor of Commerce from the University of Melbourne, Australia. She joined SHH Group upon graduation in July 2022 and has been working closely with the former Deputy Managing Director in managing the day-to-day operations of the Group. She demonstrates leadership qualities including critical thinking abilities and communication skills. She is actively involved in the coordination and oversight of the daily manufacturing activities of the Group to ensure operations plans are executed and performance monitored.

She is not a director of any other public company. She is the daughter of Datin Teo Chan Huat, the former Deputy Managing Director of the Company and Dato' Teo Wee Cheng, a substantial shareholder of the Company. She has no family relationship with any other Director and/or substantial shareholder of the Company.

LEW KHIM KHIM (KEN LEW)

*Director
(Non-Independent
Executive Director)*

Lew Khim Khim ("Ken Lew"), Malaysian, male, aged 45, was appointed to the Board of the Company on 20th September 2022. He is presently an Executive Director of the Company. Ken Lew is the co-founder of the Shui Xing Group of Companies which are mainly involved in the supply chain and logistic industries. Ken Lew is currently the Group CEO and Managing Director of Shui Xing Group and he has over 20 years of experience in the supply chain and logistic industries. His foresight and good sense of potential development of inter-related industries, has enable the Shui Xing Group to venture into design & build (construction), hospitality, property investment, E-commerce and E-fulfilment businesses.

He is not a director of any other public company. He is a substantial shareholder of SX Capital Sdn Bhd which is the major shareholder of the Company. He has no family relationship with any other Director and/or substantial shareholder of the Company.

PROFILE OF DIRECTORS

(cont'd)

GRACE KHOO TING TING

*Director
(Non-Independent
Executive Director)*

Grace Khoo Ting Ting ("Grace Khoo"), Singaporean, female, aged 42, was appointed to the Board of the Company on 6th October 2022 as an Executive Director of the Company. Grace Khoo is currently the Group Chief Financial Officer of the Shui Xing Group of Companies and she has over 20 years of experience in the supply chain and logistic industries. Ms. Grace Khoo has experience in navigating high growth companies, developing new business strategies and operational management. She is well-versed in all aspects of financial management of companies, from financial planning and determining investment strategies, taking into consideration capital structures and cash/liquidity risks management. She ensures cash flow is appropriate for operations requirements, supervising all finance personnel, and managing relationships with customers and vendors.

She is not a director of any other public company. She has no family relationship with any Director and/or substantial shareholder of the Company.

TAN CHIN KIAT

*Director
(Independent Non-
Executive Director)*

Tan Chin Kiat, Malaysian, male, aged 63 was appointed to the Board on 13th March 2023. He is the Chairman of Remuneration Committee. He is also a member of the Nominating Committee and Risk Management Committee. He holds multiple academic qualifications including a higher diploma in Accounting from the London Chamber of Commercial and Industries, a Bachelor Economics (Business Administration) from Universiti Malaya, a Master of Business Administration from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) and post graduate diplomas in Islamic Banking from Universiti Islam Malaysia and Counselling Psychology from Allied Business School. He also attended a programme in Advance Banking at the Asian Institute of Management, Manila.

Mr. Tan Chin Kiat started his career as a Credit Loan Officer with Arab Malaysian Finance Berhad in 1985. Subsequently, he was promoted to be Branch Manager in Tawau, Sabah in 1989. He was later promoted in 1992 to Regional Manager for Perak region and subsequently in 1994 he served as Regional Manager covering Sabah and Sarawak before he left Arab Malaysian Finance Berhad in 1996. In 2003 to 2009, he joined Malaysian Building Society Berhad as a General Manager. Subsequently, he moved on to join Port Klang Free Zone Sdn Bhd in 2009 as an Assistant General Manager until year 2020.

He is not a director of any other public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

WONG WEN MIIN

Director
(Independent Non-Executive Director)

Wong Wen Miin, Malaysian, female, aged 67 was appointed to the Board on 24th March 2023. She is the Chairman of the Nominating Committee. She is also a member of the Audit Committee, Remuneration Committee and Risk Management Committee. She graduated with a Bachelor of Science (Resource Economics) from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) in 1983 and a Master in Economics from University Malaya in 2006. She began her career in the Government beginning in the Ministry of Works Malaysia in July 1983 until November 1988 when she joined the Ministry of Finance Malaysia ("MoF"). Throughout her 30 years of service with the MoF, she was actively involved in policy making with Central Bank Malaysia, Securities Commission Malaysia and relevant government agencies in spearheading The Insurance Act 1996, Financial Services Act 2013 and Islamic Financial Services Act 2013. She served in several positions as Senior Principal Assistant Secretary (Privatisation and MKD Companies Unit), Division Deputy Secretary (Market Loans and Procurement) and Division Deputy Secretary (Regulatory and Actuary), all in Loan Management, Financial Market and Actuary Division. She also served in the Housing Loan Division as Division Deputy Secretary (Operation and Finance Sector) and Strategic Investment Division as Deputy Under Secretary (Investment Evaluation Sector) MoF. Prior to her retirement, she held the position of Deputy Director General (Special Projects) in Public Private Partnership Unit, Prime Minister's Department from February 2017 to June 2018. During her tenure with the Malaysian civil service, she received accolades for her meritorious service to the country including the Federal awards of Kesatria Mangku Negara and Johan Setia Mahkota from DYMM Yang Di Pertuan Agong.

She is currently an Independent Non-Executive Director and a member of several board committees of OSK Holdings Berhad and Kim Teck Cheong Consolidated Berhad. She has no family relationship with any Director and/or substantial shareholder of the Company.

MARISSA LEE SHER MAY

Director
(Independent Non-Executive Director)

Marissa Lee Sher May ("Marissa Lee"), Malaysian, female, aged 29 was appointed to the Board on 6th July 2023. She is the Chairman of the Risk Management Committee. She is also a member of the Audit Committee and Nominating Committee of the Company. She is a graduate of the Association of Chartered Certified Accountants (ACCA).

She started her career with Ernst & Young Tax Consultants Sdn Bhd as a business tax advisory associate from March 2018 until June 2019. In July 2019 to February 2021, she joined Unionspace, Uppercase Sdn Bhd as a Community Manager where she was responsible for growing a positive and vibrant community in the workspace, membership management, building and operations management, relationship management and reporting. She later joined Marchstone Food Project Sdn Bhd as a Manager, Investments in February 2021 and was subsequently promoted to Senior Manager, Investment in November 2022 where she is presently responsible for safeguarding the investment portfolio through close monitoring, effective governance and business partnering with investee companies.

She is not a director of any other public company. She has no family relationship with any Director and/or substantial shareholder of the Company.

PROFILE OF DIRECTORS

(cont'd)

STEPHEN LOW CHEE WENG

*Director
(Independent Non-
Executive Director)*

Stephen Low Chee Weng, Malaysian, male, aged 52 was appointed to the Board on 2nd January 2024.

He serves as the Chairman of Audit Committee and as a member of Remuneration Committee. Mr. Low graduated with distinction from RMIT University, Melbourne, Australia, majoring in Bachelor of Business (Accountancy) and a second major in Economics and Finance. He is a Chartered Accountant (CA) of Malaysian Institute of Accountants and a Fellow CPA (FCPA) of CPA Australia.

Mr. Low has extensive experience in auditing, accounting, finance, corporate finance, business development and organisational management. Upon his graduation, Mr. Low worked in a Big 4 auditing firm in Malaysia up until 1999. Subsequently, Mr. Low worked in various industries across a multitude of businesses including information technology, insurance, education and infrastructure, whereby he served in senior finance positions such as Head of Finance and Group Financial Controller. Mr. Low was the Chief Financial Officer of a publicly listed company on Bursa Malaysia Securities Berhad from January 2018 to April 2023.

He is not a director of any public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

CONFLICT OF INTEREST

None of the Directors has any conflict of interest with the Company.

CONVICTION OF OFFENCE

None of the Directors has been convicted of any offence within the past 5 years.

PROFILE OF KEY SENIOR MANAGEMENT

DR NAZRY BIN YAHYA

Group Chief Executive Officer

Dr. Nazry bin Yahya, Malaysian, male, aged 54 joined the SHH Group as its Group Chief Executive Officer on 1st August 2024. He holds multiple academic qualifications including a Degree in Science (Finance) from the Eller College, University of Arizona, USA, a Master in Business Administration from the Charles Stuart University, Australia and a doctorate in Commerce from the Flinders University, Australia.

Dr. Nazry started his career with Sime Bank Berhad. He subsequently joined Johor Corporation Group in 1995 and has held various positions within the Johor Corporation Group, namely as Fund Manager of Pelaburan Johor Berhad, Vice President Operations and Asset Management of JPB Pacific Securities (Hong Kong) Limited and Senior Manager Corporate Services of PJB Pacific Securities Sdn Bhd. In 2001, he joined FedEx (M) Sdn Bhd as Station and Operation Manager. He left FedEx (M) Sdn Bhd in 2003 and joined Kintetsu World Express Sdn Bhd as its Operations Manager until 2004. He subsequently joined MMC Group of Companies in 2005. Between 2005 to 2024, he held various positions within the MMC group of companies, namely Head of Department of JP Logistics Sdn Bhd, Country Manager of VPDD JP Logistics (Vietnam) Limited, General Manager Corporate Services of JP Logistics Sdn Bhd and Principal of JP Skills Centre, Johor Port Berhad. He is a Professional Technologist registered with Malaysian Board of Technologist (MBOT) and a Chartered Member of The Chartered Institute of Logistics and Transport (CILT).

He is not a director of any public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

PATRICK LIM SENG CHYE

Chief Financial Officer

Patrick Lim Seng Chye, Malaysian, male, aged 56 joined the SHH Group as its Group Accountant in June 1998. He is a Chartered Accountant member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He started his career with Price Waterhouse in 1988 as an audit assistant and was promoted to assistant manager before joining the SHH Group in 1998. He was promoted to his present position in December 2017.

He is not a director of any public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

CONFLICT OF INTEREST

None of the key senior management has any conflict of interest with the Company.

CONVICTION OF OFFENCE

None of the key senior management has been convicted of any offence within the past 5 years.



CHAIRMAN'S STATEMENT

OPERATIONAL REVIEW

The US furniture market continued to be weak following the contraction in 2023. High mortgage rates and high costs of living have impacted retail spending on durable goods while the average US households have also upgraded their homes during the pandemic years.

With the slow market, we as manufacturer are also affected as many suppliers globally are struggling. Given the weak market outlook and with many furniture importers still struggling with excessive inventories, our customers are more careful and are adopting a wait-and-see approach in the procurement strategy. We were fortunate that the stronger US Dollar vs the Ringgit during the year compensated for the lower shipment of furniture during the financial year.

The resurgence of attacks on commercial vessels in the Red Sea and port congestions have forced shipping costs up significantly and our customers are again concerned about higher landed costs amidst low market volume. Some of our customers have deferred their orders to avoid high shipping costs. This has caused congestion in our production line which have affected the smooth running of our operations and built up of finished goods inventories in our warehouses. We and our customers are closely monitoring the development in global shipping vis-à-vis the management of the inventories in our warehouses.

While the US furniture market remained weak, there are signs that the market is stabilising. The July 2024 year-on-year decline in furniture sales was the lowest in the last 16 months and the anticipate rate cuts by the Federal Reserves is expected to lower mortgage rates and boost housing market in the US. Some industry experts predict that the furniture market will recover as soon as early 2025.

While there are signs of recovery, the market will be slow-moving for the immediate future and we will need to be prepared to respond to our customers in managing orders and shipment, while ensuring that our factories run at sustainable levels.

“On behalf of the Board of Directors of SHH RESOURCES HOLDINGS BERHAD, it is my pleasure to present to you the Annual Report and the Financial Statements of the Company and its subsidiaries for the financial year ended 30th June 2024.”

As before, we are working closely with our customers to aligns products and marketing/delivery channels to meet consumer priorities such as designs, costs, styles, comfort and eco-consciousness.

We emphasise on regular maintenance and factory upkeep and when the need arises, upgrade our equipment to ensure sustainability and competitiveness. We also leverage on technology to keep pace with good manufacturing practices. To ensure continuity of operations and preservation of the value of our manufacturing assets, we have previously applied and has recently obtained approval from the Muar Land Office for extension of the lease tenure of 7 pieces of our factories land in Pagoh, Johor Darul Takzim up to 60 years.

PROPERTY BUSINESS

We have not made much progress on our property development project in Bangi, Selangor Darul Ehsan as the property market around the area remained subdued due to the remaining supply of dwelling units within the vicinity. We have however acquired the remaining 20% equity interest in Rampai Pesona Sdn Bhd from our partner in March 2024 to have better control over the planning, development and financial arrangement for the said project.

PROSPECTS

US consumer spending contracted in the 1st half of 2024 as high interest rates and inflation have taken a toll on American household. Many US furniture distributors and retailers have reported low store traffic and that high interest rate is holding back US consumers spending on household items. The slowdown in the US housing market has had a pronounced effect on furniture spendings. Lower new homes mean lower demand for furniture.

While sales continued with its downtrend into the first half of 2024, most furniture executives in the US are upbeat that a pick-up in the market could happen as soon as 2025. Many are predicting that the US 30-year mortgage rates will drop in the second half of 2024. With lower mortgage rates and recovery in housing sales, industry experts are predicting a return of furniture retailers in 2025, driven by consumers regaining confidence and improved financial capacity to invest in home furnishings. We are working closely with our customers who are quickly pivoting to the new market trends and requirements, adopting online channels and technologies to cater for the online experience and businesses.

As before, we will continue working closely with all stakeholders in ensuring sustainability in the key raw materials, stability in our supply chain, continuity of our manufacturing operations and shipment of orders to our customers so that the interests of all stakeholders are safeguarded. As before, we are committed to the safety and wellbeing of our employees, community and environment. We will continue with our efforts in managing key sustainable matters namely sustainable sourcing and use of renewable raw materials, improving product design and safety, quality control and assurance, workers safety and welfare and emission control to ensure the long-term viability of our business and wellbeing of our community.

ACKNOWLEDGEMENT

We have experienced some changes in the Board during the year. We would like to express our gratitude to Datin Teo Chan Huat and Ms Ng Sai Goey who had retired and Ms Teo Chee Teng who is departing the Group in early November 2024. We also like to take this opportunity to welcome, Mr Stephen Low Chee Weng who has joined the Board on 2nd January 2024 and Dr Nazry bin Yahya who has recently joined us as our Group Chief Executive Officer. We look forward to their leadership and guidance at the Board level and strengthening the management of the Group businesses.

On behalf of the Board of Directors, I also wish to extend our sincere gratitude and appreciation to our management team and employees who have shown strong dedication and commitment during these challenging times.

We also appreciate the long-standing support, cooperation and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities. To our business partners, we express our gratitude for your continuous and unwavering support. Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

Thank you.

Dato' Haji Obet bin Tawil

Chairman

Muar, Johor Darul Takzim

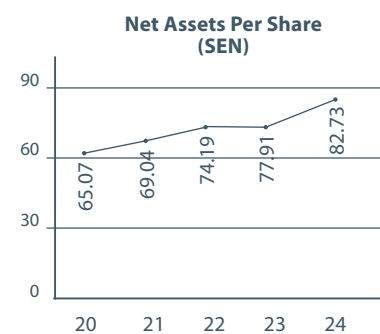
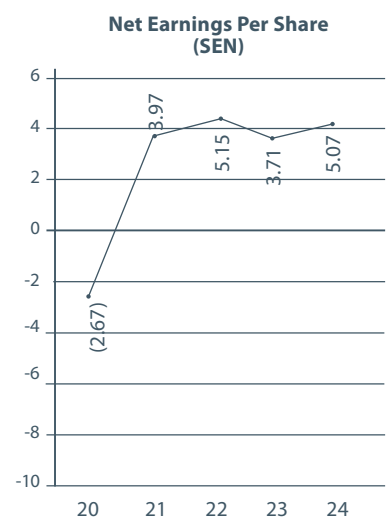
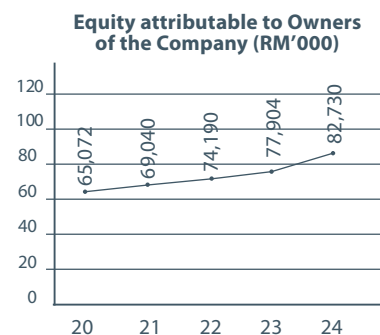
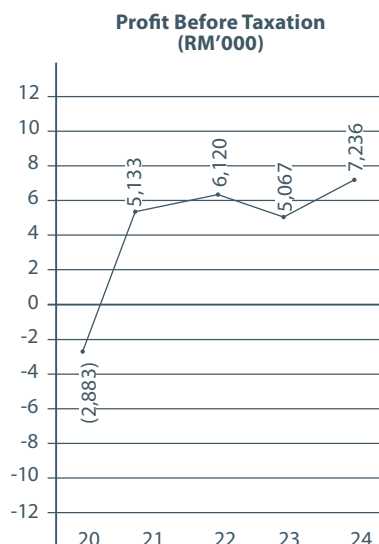
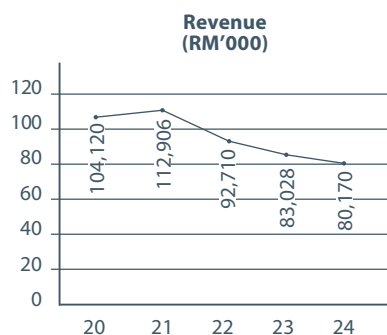
16th October 2024



5-YEARS FINANCIAL HIGHLIGHTS

Financial year ended 30th June	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	104,120	112,906	92,710	83,028	80,170
Profit/(Loss) before taxation	(2,883)	5,133	6,120	5,067	7,236
Profit/(Loss) after taxation and attributable to Owners of the Company	(2,674)	3,968	5,150	3,714	5,074
Equity attributable to Owners of the Company	65,072	69,040	74,190	77,904	82,730
	sen	sen	sen	sen	sen
Net earnings/(loss) per share*	(2.67)	3.97	5.15	3.71	5.07
Net assets per share*	65.07	69.04	74.19	77.91	82.73

* For comparative purpose, the net earnings per share and net assets per share of the Company for the financial year ended 2020 have been retrospectively adjusted to reflect the Company's 1 for 1 Bonus Issue which was completed on 14th June 2021.



MANAGEMENT DISCUSSION & ANALYSIS

1. INTRODUCTION

We are a Malaysian based manufacturer and exporter of wood furniture. The Group has its beginning in the 1990s as one of the pioneers in the use of rubberwood as the main raw material for large-scale manufacturing of dining sets for the export market. Building on our success, we expanded our operations to the manufacturing of bedroom sets under Kurnia Sejati Sdn Bhd which is now one of the main contributors to our revenue. Today, we manufacture a wide range of wood-based home furniture using a combination of renewable wood-based materials, namely solid wood, MDF, particle boards and veneers.

Products and Markets

We specialise in the manufacturing of American and European styled wood-based home furniture. Our products can be divided into 2 categories, namely bedroom suites and dining furniture.

Our products comprise mainly wooden home furniture for the medium segment of the North American market. We have also shipped some of our products to the Middle East.

Our bedroom suites comprise beds, dressers, mirrors, nightstands, chest of drawers and other bedroom fittings. Our products come in various styles including transitional as well as contemporary designs.

We also manufacture a wide range of dining sets comprising dining tables, chairs, servers, buffets and hutches. These are complemented by occasional items such as coffee, end and sofa tables.

The US market accounts for more than 90% of our export revenue. Our customers are mainly major US furniture importers, wholesalers and retailers.

In recent years, we have expanded our market reach to the Middle East through a major home furnishing chain in the Middle East.

Manufacturing Bases

Our manufacturing activities are carried out at the Pagoh Industrial Area located in the district of Muar, Johor.

Our main office and manufacturing facilities are strategically located adjacent to the Pagoh Toll of the North South Expressway. Our manufacturing facilities, comprises 5 blocks of factory buildings, situated on 14.05 hectares of industrial land.

Our manufacturing facilities have a total built up areas of about 114,750 sqm and are equipped with panel based wood-working machinery including automated panel saw, CNC machines, veneer joint machines, veneer presses, edge banding machines, lamination machines, turning machines, molding machines, sanding machines, conveyor towed pallet finishing lines and overhead conveyor finishing lines. We have a workforce of about 730 workers.

Our manufacturing operations are supplemented by Deseng (M) Hardware Sdn Bhd, our 49% associate, which operations are carried out in its own 3,750 sqm factory near our main manufacturing facilities in Pagoh, Muar, Johor.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

2. OVERVIEW OF THE BUSINESS ENVIRONMENT

Global Furniture Trade

The global furniture market size was valued at USD 516.66 billion in 2022 and is projected to grow to USD 541.52 billion in 2023. However, like all other industries, the furniture industry took a hit during the 2020-2022 period due to the Covid-19 pandemic lockdown and supply chain disrupted. Following the slowdown, global market for furniture is projected to grow more gradually to reach a revised size of USD 780.43 billion by 2030, growing at a CAGR of 6% over the analysis period 2022-2030.

The wood segment holds a significant market share due to the cost-effectiveness over other types. Additionally, the global supply chain for wooden furniture has consistently provided highly engineered wooden household furniture and sofa sets that meet the furnishing demand in residential settings. The metal segment is expected to grow considerably due to the higher durability and robustness of such products over other types. Moreover, metal-based products are commonly used in commercial gardens and playground settings. Therefore, rising playground and garden infrastructural settings are further driving the demand for such metal products. The plastic segment is primarily driven by the rising adoption of plastic chairs and tables of different colours and shapes across the global market. Additionally, growing consumer preference towards the usage of chairs made up of recycled plastic material among residential consumers further drives growth in the plastic segment. Others segment includes items made up of various materials such as glass, leather and bamboo. The others segment is primarily driven by the shifting consumer trends towards the usage of sustainably made home décor items worldwide.

According to the end-user segments, the global furniture market is categorised into residential, office, hotel, and others. The residential segment holds a major share of the market owing to the large necessities of sofa sets and chairs among residential consumers for their home and backyard seating needs. The office segment holds a considerable market share due to the wide requirements for and availability of computer desks of different sizes and shapes globally, resulting in significant revenues from such a segment. Premier hotels and restaurants worldwide largely prefer to use high-quality and luxurious home décor items in their hotel facilities to offer a luxurious living experience to their customers. This will fuel the demand for premium-quality furnishing items among such settings, driving the hotel segment's growth. Other segments include various end-user areas such as educational institutes, public gardens, theatres and public spaces.

Shifting corporate and professionals' trends towards remote working style primarily fuels the demand for work tables and chairs among households, a trend accelerated during the Covid-19 pandemic. Additionally, demographics shifts, economic growth and environmental issues have gave rise to a variety of influential furniture trends to watch, from the rise of e-commerce and social media selling to growing interest in sustainability, environmental and social considerations.

1. The Growth of Online Furniture Sales

The most notable and disruptive shift is the rise of e-commerce in the furniture industry. Changing consumer preferences and buying habits are shifting more furniture production companies to use digital channels for sales. Additionally, the growing online presence of the prominent e-commerce companies associated with the provision of fixture items, such as Wayfair.com, Amazon.com, Alibaba.com, and others, is further driving product shipment and revenues. The online channel is a particularly effective driver of growth for niche manufacturers and retailers because they can reach a much higher volume of customers in their target audience compared to a brick-and-mortar store. Furniture manufacturers seeking to reach this digitally connected consumer will have to increase their online presence and cater to the rising expectations for price transparency, speed of delivery and product quality.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

2. OVERVIEW OF THE BUSINESS ENVIRONMENT (cont'd)

2. More Flexible Workspaces and Work Arrangement

As technology has evolved, employees are no longer tethered to their desks, and workplace designs and office furniture have changed significantly as well. Cubicles and private offices have given way to office and home environments with flexible workspaces where employees can work from home and in groups of different sizes. The Covid pandemic lockdown and social distancing has resulted in movement restriction and forced many to stay at and work from home. Covid-19 led to a sudden explosion in work-from-home, home schooling, and a litany of “-at-home” activities that benefit from an upgrade in comfort and style. The flexible working arrangement persisted beyond the Covid-19 lockdowns as many employers and employees sees the benefits of this arrangement. Post Covid-19 consumers have acquired a strong desire to improve their living space.

3. Marketing Furniture through Social Selling

Closely tied in with on-line sales, social media has become an effective marketing platform for creating touchpoints in the customer journey because millions of people browse at least one social media platform every day. Additionally, social media platforms like Instagram and Pinterest are visual-based. An aesthetic image of a piece of furniture can catch the eye of potential customers. Within the world of social media marketing, influencer marketing has been proven to be the most effective media tools. By finding people with an established social media audience who align with its target audience, furniture retailers have an in with potential customers and therefore an opportunity to reach and convert more customers.

4. Increased Interest in Sustainability

Sustainability has become an important topic in many different industries. There is a much greater awareness amongst consumer of the damaging impact of their purchasing and consumption habits the environment and their wellbeing. The Covid-19 pandemic has strengthened consumer demand for socially active brands that share their values and for products that respect of their health and the environment. Being able to minimize the carbon footprint on the environment is a key element within the furniture industry. As consumers are becoming more educated on sustainability issues, nearly 1 in 5 consumers want to know how and where their products are produced. Many consumers are shifting their behavior towards healthier lifestyle habits, thoughtful consumption and the betterment of society. However, furniture manufacturers continue to hesitate to implement more sustainable practices due to the impression that they cost more and that consumers wouldn't want to incur those costs.

US Furniture Market

Historically, North America dominated the global furniture market, accounting for more than one-third of the global revenue due to several variables. Prior to the Covid-19 pandemic, North America's furniture sector expanded strongly due to several key factors. The buoyant housing market boosted by low interest rates, improving economy, strong household income growth and increased consumer confidence prior to the Covid-19 pandemic translated to strong housing starts and newly established homes, and a spike in remodelling and redecorating projects. The dynamic and diverse environment of the US furniture market reflected the region's changing lifestyle trends and consumer preferences. The growth of cities and the desire to maximize living areas have increased demand for multipurpose and space-saving furniture in recent years. With the rise in remote work, consumers spend money on home furniture, especially for home offices. Another factor is the move toward environmentally friendly and sustainable furniture solutions, reflecting shifting consumer tastes.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

2. OVERVIEW OF THE BUSINESS ENVIRONMENT (cont'd)

US Furniture Market (cont'd)

Despite Covid-19 pandemic lockdown and supply chain interruptions, US household furniture and furnishing sector did better than most sectors in the US economy as pandemic lockdown and social distancing requirements created strong market for home furnishings as many work from and stay at home. Following the spike in demand for furniture during the pandemic years, the growth momentum for furniture has reversed in 2023. The housing slump, fueled by soaring mortgage rates which hit a 23-year high in October 2023, has further compounded these challenges, as fewer home purchases mean fewer large-scale furnishing projects. Despite widespread efforts to bring the numbers down, retail inventories remain high enough that sales are not yet creating equivalent demand for finished products. With the slump in the housing market the US furniture market contracted in 2023 with conventional furniture sector declining by 8.8% in sales for 2023 vs 2022, while specialty furniture stores sales were down 5.9%.

3. BUSINESS OPERATIONS REVIEW

FURNITURE

Many US furniture retailers are reporting lower sales for the 1st half of 2024. Furniture retailers are estimated to have generated US\$53 billion in sales during the first five months of 2024, down 7.9% from the same period last year. The consumer's wait-and-see attitude toward home furnishings is attributed to many things this year. With high costs of living, slowing job market and the election year, many businesses and families are not in the mode of adding new goods and the holding pattern on big spends continues to impact retail.

Not surprisingly, our manufacturing performance is not much better as many suppliers globally are struggling. Our customers are cautious of the outlook of the furniture market and are adopting a similar wait-and-see approach to their orders while dealing with surplus inventories which were carried forward from the 2021-22 peak. We received less orders in the second half of the financial year following the pre-festive 2023 year-end holiday peak. Responding to the reduced orders and added challenges in predicting delivery schedules, we scaled back manufacturing operations. We were fortunate that the stronger US Dollar vs the Ringgit, which gave rise to better average Ringgit sales proceeds, compensated for the lower shipment of furniture during the financial year.

In recent months, resurgence of attacks on commercial vessels in the Red Sea and port congestions forced shipping costs up significantly. Vessels transiting between Asia and the US east coast and Europe are diverted away from the Suez Canal and Red Sea, causing port scheduling challenges, longer shipping route and time. Our customers are again concerned about higher landed costs amidst low market volume and have rescheduled or deferred some of their which are not shipped based on contracted rates to avoid high shipping costs. These shipment interruptions have caused congestion in our production line and a built up of finished goods inventories in our warehouses. We and our customers are closely monitoring the development in global shipping vis-à-vis the management of the inventories in our warehouses.

The weak market notwithstanding, many furniture executives are upbeat that a pick up in the US furniture market could happen as soon as 2025. Many US distributors and retailers are pivoting their products and marketing messages to strengthen the value proposition to their end-consumers .

While we wait for the market to recover, the market will be slow-moving for the immediate future and we will need to be prepared to respond to our customers in managing orders and shipment, while ensuring that our factories run at sustainable levels. As before, we are working closely with our customers to aligns products and marketing/delivery channels to meet consumer priorities such designs, costs, styles, comfort and eco-consciousness.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

3. BUSINESS OPERATIONS REVIEW (cont'd)

FURNITURE (cont'd)

The weak market notwithstanding, it is imperative for us to keep our manufacturing facilities and capabilities in good order to capitalise on opportunities in the future. We focused on regular maintenance and factory upkeep and when the need arises, upgrade our equipment to keep pace with good manufacturing practices. To ensure continuity of operations and preservation of the value of our manufacturing assets, we have previously applied and has recently obtained approval from the Muar Land Office for extension of up to 60 years for the lease tenure of 7 pieces of factories land in Pagoh, Johor Darul Takzim. We paid approximately RM2.9 million for the extension.

PROPERTY BUSINESS

The property market in and around our property development project in Bangi, Selangor Darul Ehsan remain subdued due to the remaining supply of dwelling units within the vicinity. The above notwithstanding, we have in March 2024 acquired the remaining 20% equity interest in Rampai Persona Sdn Bhd from our partner so that we have better control over the direction, plans and progress of the development while waiting for the recovery of the property market thereto.

4. FINANCIAL REVIEW

We continued to face challenging operating environment during the current financial year under review. Weak consumer spendings, surplus inventories and soaring shipping costs gave more reasons for our customers to hold back orders and reschedule shipments.

Given the challenging market condition, the Group shipment of furniture in US Dollar term dropped from USD18.64 million in the previous financial year to USD17.20 million for the current financial year. Despite the 7.73% drop in US Dollar sales, the Group turnover of RM80.17 million for the financial year under review fell by 3.44% compared to RM83.03 million in the previous financial year. The lower decline in revenue was mitigated by a stronger average US/Ringggit exchange rate enjoyed by the Group during the financial year.

Manufacturing Costs

The continued slowdown in demand for furniture has eased the pressure on the furniture supply chain globally. Demand for basic raw materials including timber-based products continued to ease, resulting in relatively stable availability and price of raw materials, namely rubber wood, particle boards, MDF, hardware and carton boxes materials. At the same time, we continued with our efforts to reduce wastage and undertook value engineering efforts to reduce material costs. With these efforts, we achieved an 5.27% reduction in raw material consumed against a drop of 3.44% in revenue for the financial year under review.

The Group's direct labour cost inched up slightly RM15.08 million in the current financial year under review against RM RM14.74 million in the preceding financial year. The increase labour cost was mainly due to the intake of additional foreign production workers which we have previously applied for in the last quarter of the financial year.

Total manufacturing overheads inched up slightly at RM7.45 million for the current financial year against RM7.22 million in the previous financial year. Consequentially, manufacturing overheads as a percentage of sales, increased from 8.69% in the previous year to 9.29% in the current year.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

4. FINANCIAL REVIEW (cont'd)

Gross Profits

Despite the lower revenue, the Group recorded a slight increase in gross profit of RM17.16 million in the current twelve months period compared to a gross profit of RM16.81 million in the preceding year's corresponding period. The increase in gross profit were mainly due to the higher average US Dollar to Ringgit exchange rate which translated to better average selling prices of our products in Ringgit terms. Correspondingly, the Group's gross profit margin improved from 20.24% in the previous financial year to 21.41% in the current financial year under review.

The Group also recorded broadly similar level of other operating income of RM2.19 million in the current financial year compared to RM2.28 million in the preceding financial year. The lower other operating income was due mainly to lower unrealised foreign exchange gain which off-set by gain on waiver of liabilities and higher interest income earned from the higher fixed deposits placed with banks for the current year under review.

Expenses

The Group recorded lower operating expenses of RM11.70 million in the current twelve months period compared to RM13.49 million in the preceding financial year.

Total selling and distribution costs dropped from RM3.12 million in the previous financial year to RM2.98 million for the current financial year in line with the lower shipment of furniture. Total selling and distribution costs as a percentage of sales, dropped from about 3.76% in previous financial year to about 3.71% in the current financial year under review due to lower sale commission incurred.

The Group incurred a non-recurring allowance for impairment loss on receivables of RM0.68 million in the previous year.

Total administrative expenses declined from RM9.69 million in the previous financial year to RM8.72 million in the current financial year. The decline is mainly due to the non-recurring property development cost written down of RM0.71 million in the previous financial year. Correspondingly, total administrative expenses as a percentage of sales dropped from 11.67% in the previous year to 10.89% in the current year.

Finance costs

The Group incurred slightly lower finance costs of RM0.42 million for the current year against RM0.59 million in the previous year. The lower finance costs were mainly due to decrease in use of trade financing facilities and repayment of term loan facility during the year.

Profit before Taxation

The Group enjoyed higher average US Dollar Ringgit exchange rate which helped boosted gross profit margins. Coupled with the absence of one-off property development cost written down and allowance for impairment loss on receivables in the previous financial year, the Group recorded a jump of 42.82% in profit before taxation, from RM5.07 million in the previous financial year to RM7.24 million for the financial year ended 30 June 2024.

Taxation

In line with the higher profit before taxation for the current year, the Group incurred higher tax charge of RM2.21 million in the current year compared with a tax charge of RM1.57 million in the previous year. The taxation charge was higher than the statutory tax rate of 24% due to losses incurred in some of the subsidiary companies which cannot be offset with the profitable subsidiaries.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

4. FINANCIAL REVIEW (cont'd)

Profit attributable to equity holders of the Company

Given the improved results from operations, we are happy to report that profit after tax attributable to the owners of the Company increased from RM3.71 million in the previous financial year to RM5.07 million in the current financial year.

Liquidity and Capital Resources

We recorded similar levels of cashflow from operating profit before working capital changes for the current financial year at about RM8.56 million compared to RM8.86 million recorded in the previous financial year. The slightly lower net cashflow from operating activities before working capital changes was due the higher allowance for doubtful debts and write down of development costs for the previous financial year which are non-cashflow in nature.

In terms of movement in working capital, the Group's financial year-end inventory levels were higher as some customers deferred shipments of their orders due to the increase in shipping rates in the last quarter of the current financial year. The above notwithstanding, our emphasis on collection has also resulted in a substantial drop in our Group receivables from RM8.51 million at the end of the previous financial year to RM4.38 million as at 30 June 2024. All in all, we recorded a net cash used in changes in working capital of RM1.71 million for the current financial year compared to a net cash surplus from changes in working capital of RM7.33 million in the previous financial year.

Interest paid for the current year was lower at RM0.42 million compared to RM0.59 million in the previous year. We received higher interest income amounting to RM0.72 million from our fixed deposits and money market investments. During the financial year, the Group made higher tax payments amounting to RM2.33 million compared to RM1.11 million in the previous financial year. Given the lower cashflow generated from operations, the Group generated a lower net cash from operating activities of RM4.83 million for the year under review compared to RM14.80 million in the previous year.

During the year, we invested approximately RM2.9 million to extend the tenure of our leasehold industrial land up to 60 years of our main manufacturing facilities in the Pagoh Industrial Area, Johor Darul Takzim. The extension will ensure continuity of operations and preserve the value of our main operating assets.

Given the healthy net cash inflows from operations and the uncertainty surrounding our development project in Bangi, Selangor Darul Ehsan, we redeemed the balance of term loan taken for purchase of the said land and there from released the fixed deposits pledged with the bank against this loan. We have also repaid the balance due to a corporate shareholder and increased slightly the use of banker's acceptance for short-term financing purposes. Hence, the net cash used for financing activities for the financial year totalled RM4.73 million compared to a net cash used in financing activities of RM2.52 million in the previous financial year.

Given the redemption of the term loan for our property development project and our efforts to reduce bank borrowings, the Group recorded a net decrease in cash of RM3.09 million for the current year. This giving rise to a slight drop in our net cash equivalent position of RM27.90 million as at the end of the current financial year compared to a net cash equivalent of RM30.97 million at the end of the previous financial year. This notwithstanding, the Directors are of the opinion that the Group has sufficient cash and has available unused financial facilities from banks to meet the Group's operational and capital expenditure requirements for its existing furniture manufacturing as well as for other financial obligations for the foreseeable future.

MANAGEMENT DISCUSSION & ANALYSIS

(cont'd)

4. FINANCIAL REVIEW (cont'd)

Gearing

The Group's net borrowings decrease from RM9.82 million at the end of the previous year to RM5.11 million at the end of the current year. The decrease in borrowings was mainly due to the redemption of the term loan for the property development project in Bangi, Selangor Darul Ehsan during the current year.

Dividend Payout

In terms of dividend payment, we balance our cash reserves, ability to generate cash from operations and availability of financing facilities with our operational and planned capital funding requirements and our shareholders' desired level of returns.

We do not have a fixed dividend policy or payout ratio but is committed to pay dividend so long as there is sufficient cash surplus or buffer after taking into consideration the above factors.

In view of the Group's financial performance for current year and the operational and market prospect for the next financial year, the Directors having taken into consideration of the above factors, are comfortable that our net cash position of RM27.90 million is sufficient to support and will recommend the payment of a first and final single-tier dividend of 1 sen or RM1.00 million for approval by shareholders at the Company's forthcoming Annual General Meeting.

5. FUTURE PROSPECTS

US consumer spending contracted in the 1st half of 2024 as pandemic savings run dry and high mortgage payment and inflation drained wallets. While sales continued with its downtrend into the first half of 2024, most furniture executives in the US have pointed to the second half of the year as the soonest they expect things to begin picking up. Many are predicting that the US 30 years mortgage rates will drop in the second half of 2024. As a result of mortgage rates stabilising and the subsequent increase in housing sales, the industry experts are predicting a revitalisation of foot traffic into furniture retailers in 2025, driven by consumers regaining confidence and improved financial capacity to invest in home furnishings.

We are working closely with our customers to ensure that completed orders in our warehouse are being progressively shipped whilst looking forward to tap opportunities arising from lifestyle shifts and changing consumer preferences. Responding to the emergence of Millennial and Gen Z who are more price-sensitive as first-time house buyer, our customers are also pivoting from their traditional wood-based furnishing designs to more modern, simplistic designs which are more budget friendly.

As before, we will continue working closely with all stakeholders in ensuring sustainability in the use of key raw materials, stability in our supply chain, continuity of our manufacturing operations and shipment of orders to our customers so that the interest of all stakeholders are safeguarded. As before, we are committed to the safety and wellbeing of our employees, community and environment. We will continue with our efforts in managing key sustainable matters namely sustainable sourcing and use of renewable raw materials, improving product design and safety, quality control and assurance, workers safety and welfare and emission control to ensure the long-term viability of our business and wellbeing of our community.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement is prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and the Malaysian Code on Corporate Governance 2021 ("MCCG") issued by Securities Commission Malaysia.

This Statement gives the shareholders an overview of the corporate governance practices of the Group during financial year 2024. This Statement is to be read together with the Company's Corporate Governance Report ("CG Report") based on a prescribed format as outlined in the Main Market LR. This CG Report is available for reference at the Company's website at www.shh.com.my as well as on Bursa Securities Malaysia's website (www.bursamalaysia.com).

The Board recognises the importance of good corporate governance in ensuring that the interests of the Company, shareholders and other stakeholders are protected. The Company's corporate governance policies and practices are based on three (3) key principles of good corporate governance as outlined in the MCCG, namely:-

- A) Board Leadership and Effectiveness;
- B) Effective Audit and Risk Management; and
- C) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

A1. *Board Responsibilities*

The Board's role is to provide stewardship and control of the Group's business and affairs on behalf of shareholders. The Board has overall responsibility for the proper conduct of the Company's business in achieving the objectives and long-term goals of the Company.

The Board has adopted a Board Charter which sets out the composition, roles and responsibilities, leadership, delegation, and conduct and procedures of the Board and the management to ensure performance and accountability. In the Board Charter, the Board has clear functions reserved for itself and those delegated to the management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Delegation of authorities have also been put in place to ensure balance between operational efficiency and control over corporate and financial governance. The Board Charter acts as a source reference for the members of the Board and of the management with regard to their role and responsibilities.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct together with the Employees Handbook guide the Directors, management and employees in with regard to policies and ethics standards to be adhered to in the conduct of the daily affairs and business of the Group.

The Board has adopted a Whistle Blowing Policy for the Group where all queries or concerns regarding the Group may be convey to the Senior Independent Director or the Company Secretary at the registered office of the Company. In line with Section 17A of the Anti-Corruption Commission Act 2009 (Amendment 2018) the Board has also adopted an Anti-Bribery & Corruption Policy for the Group in June 2020.

The Board Charter, Code of Conduct, Anti-Bribery & Corruption Policy and Whistle Blowing Policy are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant new regulations and standards of corporate governance that may have an impact in discharging the Board's responsibilities. Details of the Board Charter, Code of Conduct, Whistle Blowing Policy and Anti-Bribery & Corruption Policy can be found on the Company's website at www.shh.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A2. *Board Composition*

The Board of Directors of the Company currently comprises eight (8) members of whom three (3) are Executive Directors and five (5) are Non-Executive Directors. All the five (5) Non-Executive Directors are independent.

However, Ms Teo Chee Teng, the Managing Director of the Company, has tender her resignation from the Board on 2nd August 2024 and is set to step down as Managing Director of the Group on 2nd November 2024.

The Executive Directors have considerable experience in supply chain and logistic industries and financial and investments management. The skillsets and experience of the Non-Independent Directors are complemented by the experience and independent views of the Independent Non-Executive Directors who are experienced in the fields of accountancy and finance, public services, banking, public administration and governance and investment management. A brief profile of each individual director is presented in the Profile of Directors section of this Annual Report.

The Board has four (4) female Directors, two (2) of whom are Executive Directors who are involved in the day-to-day management of the business of the Group. The Board is committed to gender diversity amongst its member and at the same time maintaining its priority in ensuring effective blend of competences, skills, capabilities, experience and qualification in the Board.

At present, more than half of the Board members are independent directors. The Board has prescribed that all independent directors provide an annual confirmation of his/her independence to the Board based on the Board's criteria of assessing independence as prescribed by the Listing Requirements.

At present, the tenure of all the independent directors are less than 9 years. The above notwithstanding, the Board has in place a policy that it will seek annual shareholders' approval for the retention of independent directors whose has served the Board for more than 9 years. To retain an independent director after the ninth (9th) year, the Board will seek annual shareholders' approval through a two-tier voting process at the Company's shareholders' meeting as follows:

Tier 1: Only the large shareholder(s) of the Company votes; and

Tier 2: Shareholders other than large shareholder(s) votes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A3. *Clear Roles and Functions of the Board*

The roles of the Chairman, the Executive Directors and the Non-Executive Directors are clearly separated to ensure that there is a balance of power and authority.

The position of the Chairman and the three (3) Executive Directors, being the chief executives responsible for the day-to-day management of the business of the Group are held by separate persons.

The Chairman is primarily responsible for ensuring the effective conduct of the Board including the efficient organisation and conduct of the Board's function and meetings; effective communication with shareholders and relevant stakeholders; and the evaluation of the performance, composition and ongoing development of all members of the Board.

The Executive Directors worked closely with the Group Chief Executive Officer and key senior management staff to develop and review the corporate strategies, operational plans and targets for the Group. The Group Chief Executive Officer manages a team of executives responsible for the execution of the functions to attain the desired corporate and business outcomes as set by the Board. In the managing of the day-to-day operations of the Group, the Group Chief Executive Officer provides the leadership, direction, supervision and monitoring of the efficiency and effectiveness of the conduct of the Groups' business activities.

The Non-Executive Directors provides the independent views and vigour in the Board deliberation and decision-making processes in the interests of all stakeholders. The Independent Directors are responsible for the oversight of the governance structure and integrity of the financial reporting of the Group. The Non-Executive Directors also oversee the establishment of the Group risk management framework and monitor the Group's status of compliance with the policies, procedures and internal control systems.

A4. *Company Secretary*

Board and committee members have access to the advice and services of the Company Secretary, management representatives and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties. The Company Secretary, who is qualified, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. All proceedings from the meetings are minuted by the Company Secretary and signed by the Chairman of the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A5. *Supply of Information*

All Board and committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting. All information and documents are provided on a timely manner so that members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting to ensure effectiveness of the proceeding of the meeting.

The board papers include, amongst others, the following:-

- Minutes of previous meeting;
- Quarterly and annual financial statements and reports;
- Internal audit plan and quarterly internal audit reports;
- Proposal for major investments and financial undertakings;
- Documentation on policies, sustainability and risk matters, operating procedures and control systems; and
- Documents relating to material ad-hoc developments or issues impacting the Group.

A6. *Board Meetings*

Five (5) board meetings were held during the financial year ended 30th June 2024. Details of the attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Dato' Haji Obet Bin Tawil	4/5
Teo Chee Teng (Resigning on 2nd November 2024)	4/5
Lew Khim Khim (Ken Lew)	5/5
Grace Khoo Ting Ting	5/5
Tan Chin Kiat	5/5
Wong Wen Miin	5/5
Marissa Lee Sher May	5/5
Stephen Low Chee Weng (Appointed on 2nd January 2024)	2/2
Datin Teo Chan Huat (Resigned on 2nd October 2024)	5/5
Ng Sai Goey (Resigned on 24th November 2023)	3/3

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A7. *Board and Directors' Assessment*

The Nominating Committee is primarily responsible for an effective Board and the assessment of the performance of the members of the Board.

The criteria used, amongst others, for the annual assessment of individual Directors include an assessment on their roles, responsibilities, qualification, competency, expertise and participation. For Board and Board committees, the assessment will be based on their progress in implementing the policy and/or on achieving those objectives set in their respective terms of reference.

In respect of the assessment for the financial year ended 30th June 2024, the Board, Board Committees and individual Directors conducted self-assessment based on the following criteria:-

- Assessment of performance of individual board members; board committees and the Board as a whole;
- Assessment of experience, competence and time commitment of board members;
- Assessment on board size, structure and balance in terms of skill and experience; and
- Evaluation of level of independence of independent directors.

The Nominating Committee was satisfied that the Board members and Board committees have discharged their duties and responsibilities effectively. The Nominating Committee is also satisfied with the Board composition in terms of structure, size, the balance between Executive, Non-Executive and Independent Directors and diversity in terms of skills, experience knowledge and gender.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A8. Directors' Training

As part of its terms of reference, the Nominating Committee recommends relevant training programmes to enhance directors' skill and knowledge. Amongst the training programmes and seminars attended by the Directors during the financial year ended 30th June 2024 include:-

Director	Training Attended
Dato' Haji Obet bin Tawil	Have not attended any formal training during the year but shall attend suitable course(s) in the near future.
Teo Chee Teng	<p>Environment, Social and Governance (ESG) Essentials for Directors and Senior management organised by KL Business & Legal Institute</p> <p>Equity Funding: CFO's Perspective of Crowdfunding and Venture Capital organised by Malaysian Institute of Accountants</p> <p>2024 Budget Seminar organised by Malaysian Institute of Accountants</p> <p>Ultimate Guide to Analysing RPT organised by Malaysian Institute of Accountants</p> <p>Fast Accounting Closing Skills-Monthly and Year End Accounts organised by Malaysian Institute of Accountants</p> <p>Payment to Director-what's allowed and what's disallowed organised by Malaysian Institute of Accountants</p>
Lew Khim Khim ("Ken Lew")	<p>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers organised by Bursa Malaysia Securities Berhad</p> <p>Mastering and Implementation of e-invoice organised by GSMI Academy Sdn Bhd</p>
Grace Khoo Ting Ting	<p>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers organised by Bursa Malaysia Securities Berhad</p> <p>Mastering and Implementation of e-invoice organised by GSMI Academy Sdn Bhd</p>
Tan Chin Kiat	<p>Conflict of Interest ("COI") and Governance of COI Programme organised by Asia School of Business</p> <p>Environment, Social and Governance (ESG) Essentials for Directors and Senior management organised by KL Business & Legal Institute</p> <p>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers organised by Bursa Malaysia Securities Berhad</p> <p>Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Director (cont'd)

Wong Wen Miin

Training Attended (cont'd)

Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia

Payment to Director-what's allowed and what's disallowed organised by Malaysian Institute of Accountants

Marissa Lee Sher May

Bursa Malaysia Mandatory Accreditation Programme organised by Institute of Corporate Directors Malaysia

What amounts to a conflict of interest by director organised by Asia School of Business

The Wirecard Scandal – A Whistleblower's Perspective organised by Asia School of Business

Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Institute of Corporate Directors Malaysia

Stephen Low Chee Weng

Bursa Malaysia Mandatory Accreditation Programme organised by Institute of Corporate Directors Malaysia

A9. Remuneration

The Remuneration Committee is primarily responsible for matters relating to the remuneration of the Board and senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximise shareholders' value. The Remuneration Committee operates under its own Terms of Reference the details of which can be found on the Company's website at www.shh.com.my.

In compliance with the Listing Requirements and MCGG practice, the details of the remuneration paid to each of the Directors of the Company for the financial year ended 30th June 2024, are as follows:-

	Salary, bonuses, EPF SOSCO and EIS (RM)	Fee/ Allowance (RM)	Benefit in kind (RM)	Total (RM)
Executive Directors				
Teo Chee Teng (resigning on 2nd November 2024)	479,238	-	3,151	482,389
Datin Teo Chan Huat (resigned on 2nd October 2024)	599,086	-	24,400	623,486
Lew Khim Khim (Ken Lew)	150,559	-	-	150,559
Grace Khoo Ting Ting	135,000	-	-	135,000
Total	1,363,883	-	27,551	1,391,434

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

A9. Remuneration (cont'd)

	Salary, bonuses, EPF SOSCO and EIS (RM)	Fee/ Allowance (RM)	Benefit in kind (RM)	Total (RM)
Non-Executive Directors				
Dato' Haji Obet Bin Tawil	-	84,000	-	84,000
Tan Chin Kiat	-	48,000	-	48,000
Wong Wen Miin	-	72,000	-	72,000
Marissa Lee Sher May	-	47,355	-	47,355
Stephen Low Chee Weng (appointed on 2nd January 2024)	-	36,000	-	36,000
Ng Sai Goey (resigned on 24th November 2023)	-	28,800	-	28,800
Total	-	316,155	-	316,155
Grand Total	1,363,883	316,155	27,551	1,707,589

While the MCCG has prescribed for disclosure of the detailed remuneration packages of its top five Senior Management staff on a named basis, the Board has considered and is of the view that the transparency and accountability aspects of corporate governance applicable for the top Senior Management staff are adequately served by the disclosure of the remuneration packages of these individual(s) in successive bands of RM50,000.

As four of the top five senior management are Executive Directors, their detailed remuneration on named basis have been disclosed. The remuneration of the other key member of the management, namely Patrick Lim Seng Chye is within the RM400,001 to RM450,000 band.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

B1. Audit Committee

The Audit Committee was established by the Board of Directors on 3rd May 1996 with its terms of reference approved by the Board of Directors. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out during the financial year ended 30th June 2024 are set out in the Audit Committee Report on pages 40 to 41 of this Annual Report.

The Audit Committee comprises of three (3) Independent Non-Executive Directors. The Board has appointed Mr Stephen Low Chee Weng, who is a member of the Malaysian Institute of Accountants and a Fellow Member of CPA Australia as the Chairman of the Audit Committee. The members of the committee have a combination of accounting, business and economic tertiary qualifications, and are all financially literate and have experienced in the fields of accounting and finance; public administration and governance; investment evaluation and management. This will enable them to understand matters discussed during the Audit Committee meetings, in particular on accounts related and financial reporting issues.

While the Company has no intention to appoint a former audit partner of the Company or its subsidiaries to serve on its Board, the Audit Committee nonetheless has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and such policy was incorporated in the terms of reference of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

B2. Suitability and Independence of External Auditors

The Company, through the Audit Committee, has an appropriate and transparent relationship with the external auditors. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee met with the external auditors twice during the current financial year under review. The Audit Committee had enquired about the assistance and cooperation given by employees to the external auditors and were satisfied with the management cooperation given to them.

The Audit Committee is also satisfied that the external auditors have and will be able to carry out their responsibilities in an unbiased and professional manner and thus recommended their re-appointment for the financial year ending 30th June 2025.

B3. Risk Management and Internal Control Framework

The Board recognises the importance of a sound risk management framework and an effective internal control system in improving risk management, enhancing controls and ensuring compliance with applicable laws and regulations. Although the Board retains responsibility for establishing and assessing the effectiveness of the Company's systems for management of material business risks, the Board has delegated the responsibility to assess the effectiveness and efficiency of the Group's internal control and risk management framework to the Risk Management Committee.

The Group has adopted a formal Risk Management Framework which describes the manner in which the Company identify, assesses, monitors and manages significant risks faced by the Group. This evaluation covers the financial, operational and compliance controls. The Statement on Risk Management and Internal Control which provides an overview of the Group's Risk Management and Internal Control Framework is set out on Page 42 to 45 of this Annual Report.

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

C1. Compliance with Statutory and Financial Reporting Standards

In presenting the annual reports and audited financial statements and announcing quarterly results, the Board aims to present an accurate, balanced assessment of the Group's financial position and prospects.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 39 of this Annual Report.

The Board is assisted by the Audit Committee in the discharge of its duties on financial reporting and ensuring that the Group maintains a proper financial reporting process and a high of quality financial reporting. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out on page 40 to 41 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

C2. Corporate Communication and Disclosures

The Company acknowledges the importance of timely and equal dissemination of all material business, corporate and financial developments affecting the Group to all stakeholders.

The timely release of quarterly financial results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with other announcements to the Bursa Malaysia Securities Berhad, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

The Board will ensure that it adheres to and comply with the disclosure requirements of Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities. In ensuring the accuracy and quality of the information disseminated, the Company designate key management persons with appropriate level of competency and authority to prepare and release of material disclosures.

The Group has adopted a "Whistle Blowing Policy" and an "Anti-Bribery & Corruption Policy" to enhance the integrity of the Group's governance framework and designated a Senior Independent Director to facilitate open communication with shareholders and all stakeholders. The details of these policies and contact persons are disclosed herein and made available at the Company's website at www.shh.com.my.

The Group also maintains a website at www.shh.com.my where shareholders as well as members of the public can access announcement, press releases and other information on the Company and on the business activities of the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

C3. Shareholders Participation at General Meetings

General meetings of the Company represent the main venue for communication between the shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings.

The Company dispatches its notice of General Meeting to shareholders at least 28 days before the said meeting. The notice of General Meeting provides information to shareholders with regard to details of the agendas to be presented at the General Meeting, shareholders' entitlement to attend the General Meeting and shareholders' rights and procedures relating to the appointment of proxies. The Constitution further entitles a member to vote in person, by corporate representative, by proxy or by attorney.

At the Company's Annual General Meetings, members of the Board, management representatives and the external auditors and where applicable, other advisers of the Company are present to answer queries. The Chairman provides an account of the performance of the Group during the year under review prior to the tabling of the financial statements for approval by the shareholders. The shareholders are invited to raise questions or matters relating to the financial statements or the affairs of the Group before putting the resolution to a vote. Where applicable, the Directors will also present to the shareholders any written question raised by and responses given to the Minority Shareholders Watchdog Group or any shareholder who has written to the Company prior to the general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

C3. Shareholders Participation at General Meetings (cont'd)

The Company's 29th AGM, held on 27th November 2023 was conducted entirely through live streaming from the Broadcast Venue at Level 12, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan as part of the Company's effort to provided easier access to all shareholders.

All the Directors of the Company attended the 29th AGM at the Broadcast Venue together with certain members of the Senior Management of the Company.

During the AGM, the Chairman conducted a brief presentation on the Group's performance for the year and its business outlook. Shareholders who participated at the 29th AGM were able to submit questions during the AGM for the Company to respond. Answers and clarifications, where appropriate, were provided by the Directors and Senior Management of the Company. The proceedings of the AGM and minutes of the meeting were recorded. The results of shareholders voting on the resolutions tabled at the AGM were announced on Bursa Malaysia website.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate exercise during the financial year.

Audit and Non-Audit Fees

Audit and non-audit fees paid by the Group and the Company for the financial year ended 30th June 2024 were as follows:

	Group RM	Company RM
Audit fees		
- PKF PLT	94,500	28,000
Non- audit fee		
- Peter Chong & Co	6,000	2,500
	<hr/> 100,500	<hr/> 30,500

Financial Forecast

No profit forecast was issued by the Company during the financial year.

Material Contracts Involving Directors'/Substantial Shareholders' Interests

There were no material contracts subsisting or entered into by the Company and its subsidiaries involving any Directors or substantial shareholders of the Company or any persons connected to a Director or major shareholder of the Company during the financial year.

RECURRENT RELATED PARTY TRANSACTIONS

During the financial year, the Recurrent Related Party Transactions conducted pursuant to the mandate granted by the shareholders of the Company on 27th November 2023 are as follows:-

Nature of Transaction	Transacting Companies	Related Parties	Value for the year ended 30th June 2024
Purchase of materials, furniture parts and provision of workmanship labour services.	<p>SHH Furniture Industries Sdn. Bhd. (SHH Furniture) and Kurnia Sejati Sdn. Bhd. (Kurnia Sejati) purchase materials and furniture parts from Deseng Hardware (M) Sdn. Bhd. (DHSB).</p> <p>DHSB provides workmanship labour services to SHH Furniture and Kurnia Sejati.</p>	<p>SHH Furniture and Kurnia Sejati are wholly owned subsidiaries of the Company. The Company has a 49% equity interests in DHSB.</p> <p>Teo Bok Yu and Teo Jin Yuan are Directors in Gerak Teras Sdn. Bhd. They have a 100% equity interest in Gerak Teras Sdn. Bhd. which has a 51% equity interests in DHSB.</p> <p>Both Teo Bok Yu and Teo Jin Yuan are sons of Datin Teo Chan Huat, a substantial shareholder and former director of the Company, Dato' Teo Wee Cheng a substantial shareholder of the Company and the brothers of Teo Chee Teng, a director of the Company.</p>	<p>SHH Furniture RM6,123,151</p> <p>Kurnia Sejati RM39,292</p>

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements give a true and fair view of the state affairs of the Group and of the Company and the results and cash flows for the financial year then ended.

The financial statements are prepared on a going concern basis, in accordance with applicable approved accounting standards and comply with the provision of the Companies Act, 2016. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and present them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions recorded. In preparing the financial statements, the Directors are required to exercise judgement to make certain estimates to be incorporated in the financial statements. The Directors are to ensure that the estimates made are reasonable and relevant to the financial statements.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Audit Committee for the financial year ended 30th June 2024.

The Audit Committee was established by the Board of Directors on 3rd May 1996 with its terms of reference approved by the Board of Directors. During the current financial year, the Board reviewed and updated the Terms of Reference of the Committee in line with the provisions of the Listing Requirements and the MCCG. The terms of reference of the Audit Committee is made available on the Company's website at www.shh.com.my.

MEMBERSHIP AND MEETINGS ATTENDANCES

The current members of the Committee are :-

1. Stephen Low Chee Weng (Appointed on 2nd January 2024) (Chairman of the Audit Committee)
Independent, Non-executive Director
2. Wong Wen Miin
Independent, Non-executive Director
3. Marissa Lee Sher May
Independent, Non-executive Director

During the year ended 30th June 2024, the Audit Committee held five (5) meetings. Details of the attendance of members at the Audit Committee meetings are as follows:-

Name of Members	Attendance
Stephen Low Chee Weng	2/2
Wong Wen Miin	5/5
Marissa Lee Sher May	4/4
Ng Sai Goey (resigned on 24th November 2023)	3/3
Dato' Haji Obet Bin Tawil (resigned on 29th August 2024)	1/1

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Audit Committee during the year ended 30th June 2024 included the followings:-

- reviewed the external auditors' scope of work and audit plans for the year;
- considered and recommended to the Board for approval, the audit fees payable to the external auditors;
- reviewed the internal audit functions in terms of resources, programmes and plan for the financial year under review and the annual assessment of the effectiveness of the internal audit activities;
- reviewed with the external auditors the results of the audit, the audit report, evaluation of the system of internal controls and the management letter, including management's response;
- reviewed the internal audit reports, recommendations and management's responses thereto;
- reviewed the quarterly unaudited financial results announcements before recommending them for the Board's review and approval
- reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval; and
- reviewed the procedures relating to and the related party transactions entered into by the Group.

AUDIT COMMITTEE REPORT

(cont'd)

EXTERNAL AUDIT

The Audit Committee met with the external auditors two (2) times during the current financial year under review. The Audit Committee had enquired about the assistance and cooperation given by employees to the external auditors and were satisfied with the management cooperation given to them.

The Audit Committee is also satisfied that the external auditors have and will be able to carry out their responsibilities in an unbiased and professional manner and thus recommended their re-appointment for the financial year ending 30th June 2024.

INTERNAL AUDIT FUNCTION

The Company has employed a full time experienced internal audit personnel to undertake the internal audit function of the Group. The principal role of the Internal Auditor is to undertake independent regular and systematic reviews of the systems of internal control within the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Auditor to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group.

The internal audit personnel, who reports directly to the Audit Committee, shall carry out the internal audit activities as prescribed in the internal audit plan and assessment on the adequacy, efficiency and effectiveness of the Group's internal controls and management reporting system. The direct expenditure incurred for the internal audit function for the financial year ended 30th June 2024 is approximately RM232,919.

During the financial year, the Internal Auditor evaluated the adequacy and effectiveness of key controls within the Group's operating units in responding to the risk within the Group's governance, operations and information systems regarding the:

- maintenance of proper accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition;
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

During the financial year, the Internal Auditor conducted and had presented the Internal Audit Reports to the Audit Committee pursuant to the internal audit review of the following audit areas in accordance with the Internal Audit Plan as approved by the Audit Committee:

- Finance and Accounting Processes
- Purchase and Payment Processes
- Costing Processes
- Human Resource and Payroll Processes
- Sales and Logistic Processes
- Inventory and Warehousing Processes
- Production Processes
- Research and Development Processes

There were no material weaknesses noted by the Internal Auditor and the recommendations for improvement in internal controls were discussed with the respective heads of department for follow up action.

The Chairman of the Audit Committee had given a briefing to the Board on the Internal Audit Report presented by the Internal Auditor at the Board meeting following each of the AC meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Listing Requirements, the Board of Directors is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which had been prepared in accordance with the “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers”.

Board’s Responsibility

The Board acknowledges that it is ultimately responsible for the Group’s system of risk management and internal controls.

Although the Board retains responsibility for establishing and assessing the effectiveness of the Company’s systems for management of material business risks, the Board has delegated the responsibility to assess the effectiveness and efficiency of the Group’s internal control and risk management framework to the Risk Management Committee which was established on 30th August 2017.

The Group has adopted a formal risk management framework which describes the manner in which the Group identify, assesses, monitors and manages risk. The risk management framework comprises the Group’s risk management philosophy; policy and strategies; governance and management structures; and operational and control processes which are covered in the Group’s Board Charter, Code of Conducts, Employees Handbook, standard operating policies and procedures (SOPs), Anti-Bribery & Corruption Policy and Whistleblowing Policy & Procedures.

Implementation of the Risk Management Processes

In the implementation of the risk management process, strategic, financial and operational risks that impact the Group are identified, evaluated and managed within its risk appetite. The implementation of the Group’s Risk Management Processes entails the following:

- establishing and implementing across the group a formal risk management and internal control processes;
- identifying functions and related risks in key operating units which may impact upon the group;
- regularly monitoring and assessment of the performance and effectiveness of the risk management and internal control processes;
- constant communication between Executive Directors and Management (Heads of Department) through management of daily operations and regular scheduled management meetings and reports; and
- ensuring the risk management and internal control processes are overseen by the Risk Management Committee.

The Risk Management Committee co-ordinate its activities and work closely with the Audit, Nomination and Remuneration Committees to ensure that internal controls and business risk management processes are integrated into the activities of these Board Committees.

The Board believes that the risk management framework will benefit the Group in terms of:

- Effective strategic planning with due consideration of the opportunities and risks;
- Better cost control and utilisation of resources;
- Increased knowledge and understanding of exposure to risk;
- Systematic and well-informed methods of decision making; and
- Enhancing shareholder value by minimising losses and maximising opportunities.

The Board wish to state that the adoption of a formal Risk Management Framework and the establishment of the Risk Management Committee are designed to manage the Group’s risks within an acceptable level, rather than to eliminate the risk of failure to achieve the business objectives of the Group. Therefore, it should be noted that such a system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, financial losses or fraud.

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

Risks Assessment and Mitigation

Following the spike in demand for furniture during the pandemic years, the growth momentum for furniture has reversed in 2023. The housing slump has further compounded these challenges, as fewer home purchases mean fewer large-scale furnishing projects. The peak demand for home furnishing during the pandemic years has also led to a built-up in inventories amongst furniture importers and distributors in the US. Given the slump in the housing market and weakening of purchasing power amongst US consumers over the last 2 years, we have focused on and have continued to monitor and implement the following mitigation measures:-

a) Market Risks

The weak housing market, the reversal of the pandemic peak spending on furniture and the over inventorised position amongst furniture importers and distributors have made it hard for furniture players along the supply chain to keep their businesses at a sustainable level. Many furniture distributors and retailers impacted by lower demand have pivoted to new channels to improve sales while some have scaled back their store count and workforce.

Given the reduced orders, we have also put emphasis on inventory management and logistic, both for raw materials and finished goods. We ensure that all our production runs are based on confirmed purchased orders to reduce incident of overstocking, obsolesces and wastage of unused raw materials.

b) Customers' Financial Standing and Default Risks

We emphasised the importance of evaluating and maintaining a quality customers base. Longstanding relationship and good communication with our customers help us keep abreast with market developments and understand the challenges and business wellbeing of our customers. We have paid more attention on assessing the financial standing and credit worthiness of our customers, tightened credit policy especially amongst new customers and emphasised monitoring and collection of receivables.

We monitor economic, social and political developments in the US which may impact the wellbeing of business and consumer in the US. We also monitor macro shift in furniture market for us to identify risks and opportunities within the US furniture market.

c) Supply Chain Interruption Risks

Supply chain interruptions have become a major issue since the Covid-19 pandemic. Interruption in the supply chain can be caused by many unpredictable circumstances including inclement weather, accidents, disruption in shipping route due to regional conflicts, increase in piracy, port congestions and labour strikes in the logistic industries. In recent months, escalating conflict in the Middle East, piracy near the Suez canal and strike by port workers in the US have forced shipping rates to skyrocket and delay in shipping by customers. The spike in shipping rates in the 2nd half of the financial year has resulted in delay in shipping completed orders, thus resulting in a marked increase in our finished goods level. We track these orders closely and are working closely with the affected customers for warehousing arrangement within our premises and shipment schedules when container rates permit.

d) Foreign Exchange Risks

As an export business, the prices of our products are quoted and transacted in US Dollars. Due to the USD / Ringgit exchange rate fluctuation, we are exposed to foreign exchange translation risk on our US Dollar account receivables which may have a material impact on the financial position and performance of the Group.

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

Risks Assessment and Mitigation (cont'd)

e) Sustainability Risks

There is an increasing collective awareness of individual and business impact on the environment and a growing preference for innovative solutions focused on minimising waste and toxicity, regenerating energy and natural resources. As a result, the usage of sustainably source materials that are recyclable and easily available are becoming a priority. The furniture industry is moving towards more sustainable production and therefore, set to be more regulated, creating future growth opportunities that are expected to significantly reduce energy costs.

We are one of the manufacturers in Malaysia to use plantation wood for large-scaled furniture manufacturing. The major timber product used in our manufacturing operations is sawn-rubberwood which is 100% plantation wood. We source imported wood species from FSC certified suppliers. Where practical, we source from certified sustainable timber suppliers who have obtained Chain of Custody ("COC") certification to facilitate traceability of source materials. Similarly, most of our packaging materials are from recycled pulp-based products.

We are always mindful of efficient of these materials in the manufacturing and look for opportunities to enhance the use of our product during the product life-cycle to achieve better use of renewable and environmentally friendly materials, as well as cost-efficiency.

Internal Control and Internal Audit Function

The Internal Audit function is considered an integral part of the risk management framework and its primary objective is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group.

Internal Control System

The Group has an established internal control structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets.

The internal control system is designed to give reasonable assurance with respect to the:-

- maintenance of proper operational and accounting records;
- reliability of financial information used within the business or for publication;
- safeguarding of assets against unauthorised use or disposition;
- efficiency and effectiveness of the running of the businesses and operations; and
- compliance with laws and regulations.

The Group's internal control system and monitoring procedures include:-

- defined systems and procedures for key operational and financial departments, including maintenance of good operational and financial records and controls and the production of timely and accurate financial and management information and reports;
- monitoring and control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties;
- detailed reporting of trading results, balance sheets and cash flows, with regular review by the management, Audit Committee and Board of Directors;
- regular independent internal audit activities to monitor compliance with operational procedures and assess the integrity of operational and financial information provided; and
- regular information provided to the management, covering operational performance, key business indicators and financial and cash flow reports.

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

Internal Audit Function

The principal role of the Internal Auditor is to undertake independent, regular and systematic reviews of the systems of internal control within the Group's operating units to determine whether the operating procedures and internal controls established by the Group are adequate and complied with, in accordance with the internal audit plan approved by the Audit Committee. The Internal Auditor report directly to the Audit Committee who reviews and approves the Internal Audit Plan and Internal Audit Reports and to ensure that the function is adequately resourced with competent and proficient internal auditors.

The Internal Auditor provides the Audit Committee with independent and objective reports on the outcome and improvements recommended in each of the internal audit review assignments and present them in the Audit Committee Meeting. All Board members receive copies of management and audit reports and are involved in the decision and actions that are required to maintain the level of risk at an acceptable level.

During the financial year, the Internal Auditor has reviewed the effectiveness of the internal controls. The details of the activities, scope and findings are presented in the Audit Committee Report herein. There were no material weaknesses noted by the Internal Auditor and the recommendations for improvement in internal controls were discussed with the respective heads of department for follow up action.

The Board has also received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively in all material respects.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30th June 2024, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material aspects:

- (a) has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control 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 Board of Directors and Management thereon. The 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 the problems.

Conclusion

The Board is of the opinion that the existing risk management and internal control system put in place is operating satisfactorily to safeguard the interest of the stakeholders and the Group's assets.

SUSTAINABILITY STATEMENT

The Board of SHH Resources Holdings Berhad is pleased to present this Sustainability Statement ("Statement") which discloses the management of the sustainability-related matters of the Group for the financial year ended 30th June 2024, encompassing risks and opportunities relating to economic, environmental, social, and governance aspects with respect to the Group's creation of long-term, sustainable value for the business and its stakeholders.

This Statement has been prepared in accordance with the Main Market Listing Requirements ("MMLR") pertaining to the preparation of a sustainability statement and has incorporated the latest amendments to the MMLR with respect to enhancements to sustainability-related disclosures. The preparation of this Statement has also considered the practices promulgated in the Sustainability Reporting Guide – 3rd Edition, including its accompanying Toolkits, issued by Bursa.

Scope

This Statement covers the Group's furniture manufacturing segment which represents the Group's key operating segment and is also the main contributor to the Group's revenue. The reporting period for this Statement is the financial year ended 30th June 2024. Sustainability data disclosed in this Statement may include performance data from previous financial years for comparison purposes, if available.

This Statement has not been subjected to any internal review by the internal auditors, and the Group did not seek any external assurance on this Statement. Nonetheless, the Group is committed to undertaking ongoing enhancements to its sustainability management and reporting practices, with the aim to continuously enhance the credibility and accuracy of its sustainability disclosures.

Our Governance Structure for Sustainability Management

The Board hold the ultimate responsibility in ensuring the Group's strategic plan supports long-term value creation and includes strategies on economic, environmental, and social ("EES") considerations underpinning sustainability. This also includes ensuring key sustainability-related risks faced by the business is adequately managed through the Group's risk management processes.

The Board is assisted by the Risk Management Committee, which is entrusted with the responsibility to establish adequate and effective policies and processes to address sustainability-related risks and opportunities of the Group's business. The Risk Management Committee is responsible for overseeing the Group's sustainability strategies and initiatives as proposed by Management and monitoring their implementation and performance. In addition, the Risk Management Committee, through their oversight role over the Group's risk management framework, also oversees the management of significant sustainability-related risks through the Group's risk management processes.

At the management level, the Management team, which comprises the heads of various key functions such as operations, marketing, finance, human resources, and others, is responsible for conducting assessments to identify, assess, and prioritise the sustainability matters which are significant to the Group's business in the short-, medium-, and long-term, focusing particularly on identifying the material sustainability matters ("MSM") of the Group which have a more significant bearing on the Group's value creation, enabling more efficient resource allocation in managing these MSMs. The Management team is also responsible for developing strategies to manage MSMs and proposing the strategies for the Board's approval. Approved strategies will be implemented by the Management team, where the progress and performance will be reported to the Risk Management Committee and the Board.

SUSTAINABILITY STATEMENT

(cont'd)

Our Governance Structure for Sustainability Management (cont'd)

During the financial year ended 30th June 2024, the Management team carried out a materiality assessment to review the Group's MSMs and enhanced the Group's data collection process for the reporting of sustainability-related performance data for the purpose of complying with the MMLR, amongst others.

The Group's governance structure with regard to the management of the Group's sustainability is illustrated as follows:

BOARD	<ul style="list-style-type: none">• Ultimately responsible for sustainability practices and performance• Sets business strategy which incorporates EES considerations
RISK MANAGEMENT COMMITTEE	<ul style="list-style-type: none">• Establish sustainability policies and procedures• Review adequacy and effectiveness of sustainability processes• Overseeing sustainability strategies and initiatives
MANAGEMENT	<ul style="list-style-type: none">• Identification, assessment, management, and reporting of sustainability matters• Oversee the management of EES performance• Manage EES performance within each operation

SHH Group's Stakeholders

The views and interests of stakeholders play an important role in the Group's value creation. The feedback and views of its stakeholders helps us to align business interest and stakeholders' interest in the process of creating and maintaining optimal values for the various stakeholder groups across the short- and long-term.

We have established various engagement channels to serve a range of engagement purposes and objectives with various stakeholder groups, including to communicate key stances and directions of the Group including sustainability-related policies, strategies, and performance, as well as to obtain feedback from stakeholders which the Group views as important considerations to enable continuous growth.

SUSTAINABILITY STATEMENT

(cont'd)

SHH Group's Stakeholders (cont'd)

The following table summarises our engagements with the various stakeholder groups and highlights of the commonly discussed topics during these engagements.

Stakeholder Group	Engagement Methods	Focus Areas	Frequency
Shareholders and Investors	<ul style="list-style-type: none"> Annual and extraordinary general meetings Annual report Quarter financial results Company's website 	<ul style="list-style-type: none"> Shareholders' return and dividends Financial performance 	<ul style="list-style-type: none"> Annually As required Quarterly
Employees	<ul style="list-style-type: none"> Performance evaluation Training sessions Regular team meetings 	<ul style="list-style-type: none"> Work environment and safety Employee welfare and benefit Career development and training 	<ul style="list-style-type: none"> Weekly Monthly Annually As required
Customers and Consumers	<ul style="list-style-type: none"> Customised customer service and email support Regular meeting and correspondences On-site factory visits Survey on customers' satisfaction Customer's audit, as needed Exhibitions and fairs 	<ul style="list-style-type: none"> Customer service Product safety and quality Price points and delivery Product development 	<ul style="list-style-type: none"> On-going Annually As required
Suppliers	<ul style="list-style-type: none"> Supplier qualification and selection process Regular meetings and correspondence Incoming material inspection 	<ul style="list-style-type: none"> Quality delivery Credit terms Sourcing of quality materials Fair pricing 	<ul style="list-style-type: none"> On-going Annually As required
Regulators and Authorities	<ul style="list-style-type: none"> Corporate and financial disclosure framework activities Timely submission of reports to relevant authorities Regular engagement through meetings and correspondences 	<ul style="list-style-type: none"> Regulatory compliance Job creation 	<ul style="list-style-type: none"> As required Monthly Quarterly Annually

SUSTAINABILITY STATEMENT

(cont'd)

Materiality Assessment

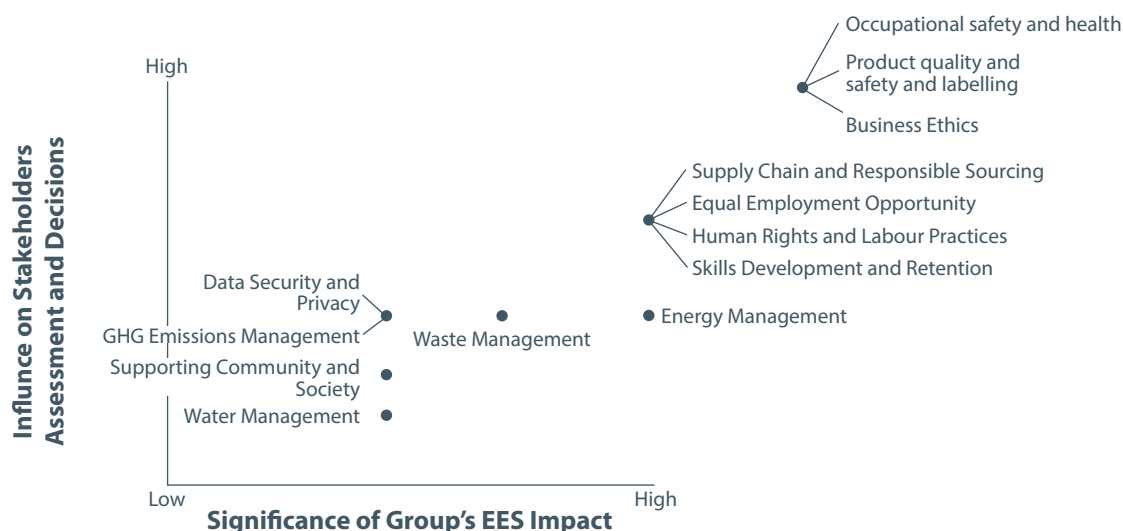
SHH Group adopts the principle of materiality in its management of sustainability matters, where sustainability matters are assessed via a materiality process which helps the Group to prioritise matters which are more significant to the Group. Guided by the MMLR, sustainability matters are considered material if they:

- reflect the Group's significant economic, environmental, and social impacts; or
- substantively influence the assessments and decisions of stakeholders.

The Group's materiality assessment process also considers the common sustainability matters as prescribed in the MMLR.

During the financial year, the Management team conducted a materiality assessment to review the Group's MSMs. The session considered, amongst others, developments in the legal and regulatory requirements internationally and domestically, global and industrial trends, and the Group's business strategies and operations. The assessment has also considered the views and concerns of stakeholder groups via the input of the Group's personnel responsible for engaging and communicating with relevant stakeholders.

The outcome of the materiality assessment is summarised in the following materiality matrix.



This year, we have re-categorised some materiality matters to enable us to better focus and manage certain sustainability matters. We have included specific matters for "Greenhouse Gas Emissions Management" ("GHG Emissions Management"), "Human Rights and Labour Practices", "Business Ethics", "Data Security and Privacy", and "Water Management" as prescribed by the MMLR. The Group has also seen increasing emphasis on "Energy Management" and "Equal Employment Opportunity", in line with greater global focus on energy policies, climate change issues and push for equality at the workplace.

Overall, the Group's most material MSMs are identified as follows:

- Business Ethics;
- Product Quality, Safety, and Labelling;
- Supply Chain and Responsible Sourcing;
- Energy Management;
- Waste Management;
- Occupational Health and Safety;
- Human Rights and Labour Practices;
- Equal Employment Opportunity; and
- Skills Development and Retention.

SUSTAINABILITY STATEMENT

(cont'd)

Product Quality, Safety, and Labelling

Product quality and safety are crucial elements for us to maintain our market reputation and reliability among customers and consumers. Our products adhere to various practices and standards in relation to safety and health, design and construction safety features, and compliance with hazardous emissions. Our commitment to meet high product quality, safety, and compliance standards is crucial for our international businesses, comprising mainly US-based customers.

The Group places emphasis in ensuring relevant laws and regulations and market requirements are met within the markets we serve. This is done through ongoing engagement with the customers to ensure clear communication of expectations and product specifications are met.

Products for the US market is required to comply with the product safety standards of the American Standards for Testing and Materials ("ASTM") and Consumer Product Safety Commission ("CPSC"), on design safety considerations such as quality test, performance test, load test, and anti-tipping tests.

In December 2022, the US introduced the Stop Tip-overs of Unstable, Risky Dressers on Youth Act ("STURDY Act") which requires a series of objective, repeatable, and measurable tests that simulate real-world use of clothing storage units. In April 2023, the US CPSC, which is responsible for ensuring that STURDY Act requirements are met, approved a new mandatory furniture safety standard for dressers, chests, and other clothing storage units (CSUs), ensuring they meet new minimum stability requirements designed to prevent furniture from tipping over onto children.

Commonly known as the "New Tipping Rule", this new mandatory safety rule requires the following performance requirements to be met:

1. tests for stability when the unit is placed on carpeting,
2. tests for stability with loaded drawers and with multiple drawers open, and
3. tests that simulate the weight of children up to 60 pounds interacting with the unit.

The New Tipping Rule came into effect on 1st September 2023 and we have worked with our customers to ensure that the design and construction of CSUs falling under the ASTM2057-23 comply with the newly introduced rule.

Volatile organic compound such as formaldehyde in the adhesive used in general furniture manufacturing may pose safety hazards to users and compromise indoor air quality. Another common concern in furniture manufacturing lies in the lead content of the paint used. Lead content in paint, even at low levels, can have an impact on human health, especially for children, causing behavioural or learning problems and even death in extreme cases.

Our products are guided by the US-based Toxic Substances Control Act of 1976 ("TSCA"), which is a minimum standard required by US-based customers, and we manage this via our manufacturing and sourcing processes. Suppliers are required to ensure adhesive used in the materials supplied to us, such as panel boards and engineered boards, are compliant with the relevant regulations, namely the TSCA Title IV on safe levels of formaldehyde emissions and the prohibition of the use of lead-based paint.

We only source from reliable suppliers and we use an independent external laboratory in our sample testing processes to ensure we meet these requirements.

For the financial year under review, we are pleased to report that there were no product recall incidents concerning product safety and that there were no non-compliance issues pertaining to TSCA standards compliance.

SUSTAINABILITY STATEMENT

(cont'd)

Quality Assurance and Control

We have a dedicated Quality Control and Assurance Department ("QCAD") which is responsible for performing checking on every batch of delivery before shipment, looking into product quality such as aesthetics, function and durability, as well as ensuring the specifications comply with customers' requirements. Testing is performed on a sampling basis against a set of criteria. The results of these testing are recorded and documented for further process improvement purpose to enhance the Group's operations and product quality.

In addition, all completed products may undergo a final inspection by our customers' representative(s) before packing and shipment.

Customer feedback

Our sales and marketing personnel engages regularly with our customers to understand their views and feedback, including on matters pertaining to customers' orders, design, construction, pricing, manufacturing schedules and delivery. In addition, the Group also conduct customer surveys to seek formal feedback from customers, where such feedback will be analysed and incorporated in our continuous improvement processes.

The most recent customer survey was conducted in June 2024.

Supply Chain and Responsible Sourcing

We have ongoing engagements with suppliers to ensure continuity and quality supply of key materials used in our production process. We actively manage the availability and pricing of key raw materials, parts and supplies, and co-ordinate logistics arrangements vis-à-vis our orders and production schedules. Inventory management and review is performed regularly to ensure production continuity and delivery schedules. As part of our routine, we include our customers in the discussions and co-ordination of material sourcing, production schedules, and order deliveries.

The main raw material for wooden furniture manufacturing is timber-based products such as sawn timber, fibreboard and plywood. Timber-based materials are from natural sources and are more sustainable than many synthetic alternatives.

The main timber-based materials used in our products is sawn-rubberwood which is 100% plantation wood. Plantation wood is a sustainable source of material and is widely used in our products and this will continue to be our philosophy in our development of sustainable products. This reduce the need for deforestation of natural forests for materials since the extraction of plantation wood is a part of an important lifecycle for the rubberwood plantation sector to replace older trees and enhance latex production. Engineering technologies are also applied to enhance the properties of plantation wood. Enhanced plantation wood-based products such as engineered lumber and veneer enables greater versatility and a wider range of use.

In addition, to suit the various needs of our customers, we also import other wood species such as pinewood, poplar, and tupelo wood from Forest Stewardship Council ("FSC") certified suppliers. We maintain a register of our suppliers and assess them on an annual basis, considering, amongst others, if they have obtained Chain of Custody ("COC") certification or if they have access to FSC-certified materials.

SUSTAINABILITY STATEMENT

(cont'd)

Supply Chain and Responsible Sourcing (cont'd)

In terms of sustainable sourcing and traceability, we prefer to source from certified sustainable timber suppliers, as practical as possible. Our long-term aim is to increase our use of credible and ethically sourced timber and lumber based materials from verified well-managed forests under a COC program, namely the FSC certification programme. The use of certified sustainable timber products promotes sustainable and equitable forest management as a means of reducing poverty, fostering responsible product manufacturing and consumption, and meeting international obligations to protect the environment and preserve biodiversity and natural resources. That said, our challenge is that the number of suppliers that have obtained such certifications remains small, particularly for local wood-based materials.

In addition to operational-related supply chain management activities, we continue to monitor and pursue traceability in raw materials, and we also actively identify new and alternative sources for key supplies to boost the integrity of our supply chain. There were no major cases of breaches to the sourcing and traceability requirements of our customers during the financial year under review.

Local Procurement

The Group's local and foreign procurement is largely dependent on the customers' requirement and their specification of the type of materials to be used. Nonetheless, the Group's local procurement of trade-related goods and services in financial year ended 30th June 2024 remained to be a majority portion of the Group's overall procurement.

	As at 30th June 2024
Proportion of spending on local suppliers	86%

Business Ethics

Ethics and integrity are one of the fundamental principles of our business and long-term value creation for stakeholders. In this regard, the Board has set out the Group's expectations of its directors, employees and its business operations with respect to ethics, integrity and other values via various policies and codes.

The Code of Ethics and Conduct is applicable to all Directors and employees of the Group. The high-level principles addressing matters including the following:-

Conflict of interest	Confidential information	Inside information and securities trading	Protection of assets and funds
Business records and controls	Compliance with laws	Gift, entertainment, gratuities, or bribes	Health and safety
Sexual harassment	Outside interest	Fair treatment and equal opportunity	Misconduct

The Code of Ethics and Conduct is introduced to all newly joined employees or Directors during their orientation, and they are also required to sign an acknowledgement of their understanding and commitment to abide by the Code of Ethics and Conduct.

The Code of Ethics and Conduct are reviewed and updated from time to time to reflect developments in the legal and regulatory environment. Where there are updates to the Code of Ethics and Conduct, Directors and employees will be communicated on these updates within an appropriate timeline.

SUSTAINABILITY STATEMENT

(cont'd)

Anti-Bribery and Corruption Policy

Further supporting the Code of Ethics and Conduct, the Board has established an Anti-Bribery and Corruption Policy which specifically highlights the Group's commitment to conducting business in an ethical and honest manner and preventing corruption and bribery. The Anti-Bribery and Corruption Policy is publicly available on SHH's website.

We adopt a risk-based approach towards managing corruption and bribery, where due diligence will be conducted on personnel, business associates or activities to identify if there are exposures to corruption-related risks. The corruption and bribery risk levels also guide the allocation of resources key areas including preventive controls, monitoring and training and communication activities. The Risk Management Committee is responsible for overseeing the design, implementation, management and improvement of the Group's anti-bribery and corruption policies and procedures.

As at 30th June 2024, all operations have been considered in the Group's corruption risk assessment and the corruption risks are managed and monitored through the Group's risk management processes.

	As at 30th June 2024
Percentage of operations assessed for corruption-related risks	100%

It is important to have sufficient and effective communication to employees to ensure they adhere to the Group's anti-corruption and anti-bribery stance. The Anti-Bribery and Corruption Policy addresses various topics including facilitation payment, gratification in the form of donation, gift, loan, fee, reward, valuable security, information, property, employment, etc. The policy further provides guidance on conflict of interest and various transactions with higher-risk such as gifts and hospitality, entertainment, donations and sponsorships and political donations. SHH Group views facilitation payment as a form of bribery and it is prohibited.

In addition, relevant employees are provided with sufficient communication or training on anti-corruption to increase their awareness especially in the context of their work and business operations. The following table summarises the percentage of employees who have received training on anti-corruption as at 30th June 2024.

Percentage of employees who have received training on anti-corruption by employee category	As at 30th June 2024
Senior Management	100%
Middle Management	79%
Executives	74%
Non-Executives	26%

SUSTAINABILITY STATEMENT

(cont'd)

Whistleblowing Policy

We have a Whistleblowing Policy which enables employees to raise concerns where they believe there is malpractice or impropriety, including on matters regarding compliance with laws and regulations, breach of trust, threats to health and safety or the environment, criminal activities, as well as improper conduct or unethical behaviours.

The Whistleblowing Policy allows for direct escalation to the Senior Independent Director and handles reports on the basis of confidentiality, including confidentiality of the identity of the whistleblower.

During the financial year under review, there were no substantiated cases raised via the Whistleblowing Policy. In addition, there were also no confirmed incidents of corruption.

	As at 30th June 2024
Confirmed incidents of corruption and action taken	0

Data Security and Privacy

We treat data security and privacy seriously, protecting the data of our customers and the personal data of our employees. In this regard, we have policies to guide employees on the handling and management of data including sensitive and confidential data.

In addition, the Group also engages professional service providers to support the Group's cybersecurity and information management systems, on top of established controls such as firewall systems, data backup processes, etc.

We are pleased to report that there were no substantiated complaints concerning breaches of customer privacy or losses of customer data during the financial year under review.

	As at 30th June 2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0

Equal Employment Opportunity

We treat all employees equally and adopt a non-discrimination stance through our Non-Discrimination Policy. The Group will not discriminate on the basis of race, creed, colour, national origin, or sex and we are committed to taking measures against discriminatory practices in its employment-related activities, such as recruitment, compensation, promotions, etc.

This principle is also demonstrated at the Board level, where we have a balanced composition of Directors.

As at 30 June 2024	Percentage				
	Gender		Age Group		
	M	F	< 30	30 - 50	> 50
Directors					
Directors	44%	56%	22%	22%	56%

SUSTAINABILITY STATEMENT

(cont'd)

Equal Employment Opportunity (cont'd)

Discrimination or harassment at the workplace based on an individual's sex, race, ethnicity, natural origin, age, religion or any other legally protected characteristics will not be tolerated. Employees who face such situations can report to their superior or the Human Resources department for the necessary investigations and corrective actions to be taken.

Contract-based employees comprise approximately 78% of our workforce. The Group's employee demographics as of 30th June 2024 are summarised as follows.

As at 30 June 2024	Percentage				
	Gender		Age Group		
	M	F	< 30	30 - 50	> 50
Employees					
Senior Management	100%	0%	0%	0%	100%
Middle Management	50%	50%	0%	50%	50%
Executives	35%	65%	26%	65%	9%
Non-Executives	91%	9%	35%	55%	10%

	As at 30th June 2024
Full-time permanent employees	22%
Full-time contract-based employees	78%

Human Rights and Labour Practices

The Group respects the fundamental human rights of all people and we have established policies against child labour and forced labour through our Child Labour and Young Workers Policy and Forced Labour Policy. We do not support, encourage or endorse any form of child labour and young workers in our operations, as we will also not use or support the use of any type of forced labour, including slavery, prison labour or bonded labour.

Any violations of the Group's human rights policies can be reported via to the human resources department or via the Whistleblowing Policy and will be investigated and if validated, dealt with seriously. We are pleased to report that there were no substantiated reports concerning human rights violations during the financial year.

	As at 30th June 2024
Number of substantiated complaints concerning human rights violations	0

SUSTAINABILITY STATEMENT

(cont'd)

Occupational Health and Safety

We are committed to providing a healthy and safe working environment for all our employees, particular for our production areas workers due to the higher risks from their nature of work. We ensure that our working environment provides good ventilation, suitable lighting and reasonable working temperature. Our manufacturing facilities include basic amenities to ensure employees' health and well-being are being attended.

Safety and Health Policy

Our safety and health practices are governed under a group-wide Safety and Health Policy. The Group's safety and health management system and processes are established following the principles and spirit of the Safety and Health Policy, from governance to risk management, controls, monitoring activities and ongoing improvement.

A Safety and Health Committee, which includes a Safety Officer, oversees the overall safety and health practices and ensures effective and adequate controls are in place to manage risk identified via the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") process. HIRARC is a process where our personnel review operational processes to identify and assess where there are areas with higher safety and health risk and this process is also participated by personnel from the production floor to ensure practical and actual situations and experiences are taken into consideration.

In addition, the Safety Officer is responsible for ensuring employees' compliance with the safety procedures and reports to the Safety and Health Committee periodically on safety performance and the occurrence of any incidents. The Safety and Health Committee reviews the performance, including overseeing investigations, and determine if further improvements or changes to the Group's operational and safety procedures are required.

Personal Protection Equipment ("PPE")

The nature of furniture manufacturing activities involves production employees working with sharp tools, heavy equipment and machinery which pose certain safety and health concerns to our production employees. That aside, employees may also be exposed to paint chemicals during paint spraying process or exposure to loud machinery noise in the work environment, which may potentially affect employees' health.

We provide necessary personal protection equipment ("PPE") to employees such as eye goggles, face masks, protective gloves, and hearing protection as appropriate. PPE training is also conducted from time to time to ensure our employees use the provided PPE the right way. We also implement mitigative controls in our operations to reduce employees' exposure to hazardous air components such as dust and paint. We conduct regular maintenance and replacement of air filters in our paint spray systems to reduce exposure to spray paint, apart from requiring employees to wear face masks during the paint spraying process. We also have an integrated dust collection system to remove sawdust produced during the manufacturing process.

Safety and Health Training

Training is an important element to ensure that employees are aware of our latest policies and safety procedures, including knowledge and familiarity with the Group's PPEs, as well as informing employees the appropriate response when faced with emergency situations. Safety and health training is arranged for employees depending on their work scope and risk exposure. The Safety and Health Committee is responsible for arranging training and ensuring employees received adequate safety training. Training on safety and health standards are provided to our safety officers.

	As at 30th June 2024
Number of employees trained on health and safety standards	2

SUSTAINABILITY STATEMENT

(cont'd)

Monitoring and Reporting

From time to time, the Safety and Health Committee conducts safety audits to ensure the Group's safety policies and procedures are adhered to. Any non-compliance or weaknesses in controls will be formally documented and necessary disciplinary or remedial actions will be undertaken to prevent recurrence. Similarly, our customers may also conduct audits on our operation activities, focusing on amongst others, safety and health matters.

For the financial year under review, the Group's safety records are as follows:

	As as 30th June 2022	As as 30th June 2023	As as 30th June 2024
Number of work-related fatalities	0	0	0
Number of serious injuries	1	1	3
Number of minor injuries	1	2	2
Lost-time incident rate	Not available ¹	Not available ¹	0.80

¹ We began to calculate lost-time incident rate in financial year ended 30th June 2024.

All injury incidents were investigated and internal review of the Group's processes have been conducted. The Management continues to take additional efforts to increase safety awareness and monitor compliance with safety procedures in fostering a safe and healthy work environment.

Skills Development and Retention

Employees' talent and skills development is an important element to build competency and capability for the Group in the longer-term. Employees ranked executive-level and above are subject to annual performance appraisals. The performance appraisal sessions serve as a platform for supervisors to assess employees' performance during the year and for employees to provide feedback to Management with regard to potential areas where they can improve or where the business can further improve. Amongst others, the performance appraisals serve as a basis for the training needs of employees to be considered.

The human resources department is responsible for arranging and monitoring employees' training. The following table summarises the Group's employees' training hours by employee category for the financial year under review.

	As as 30th June 2024 Training hours
Senior Management	49.50
Middle Management	401.00
Executives	320.00
Non-Executives	481.00

SUSTAINABILITY STATEMENT

(cont'd)

Skills Development and Retention (cont'd)

The Group's employee turnover for the financial year ended 30th June 2024, by employee category, is summarised as below. Generally, we have a higher turnover among non-executives, which is a common phenomenon among production workers within the industry. Nevertheless, we have stable retention of Management-level personnel and we also actively boost our hiring activities to replace departing employees.

	As as 30th June 2024	
	Turnover numbers	New hire numbers
Senior Management	0	0
Middle Management	1	1
Executives	1	2
Non-Executives	73	197

Environmental Policy

We have established an Environmental Policy, stating our commitment to provide quality service in a manner that aims to minimise our potential impact on the environment, in addition to ensuring a safe and healthy workplace for our employees.

We take into consideration environmental concerns and impacts in our decision making and activities, including minimising waste, reusing and recycling waste where possible. When it comes to our facilities and processes, we aim to minimise the use of water and energy by putting in place and enforcing energy saving measures and water conservation awareness.

Noting that caring for the environment requires the joint efforts of all parties, we promote environmental awareness among employees and encourage environmental responsibility to be upheld by everyone. We also communicate our environmental stance and commitment to our business partners such as our customers and suppliers, with an aim to open up the possibilities of collaborative efforts to seek solutions to address environmental-related challenges.

Energy and GHG Emissions Management

We acknowledge the increasing global focus on mitigating global warming and transitioning to cleaner energy strategies in order to create a more sustainable future for the world, especially in terms of emissions and climate change.

We exercise diligence in our energy usage and attempt to save electricity in our premises especially offices. Where possible, we attempt to reduce the use of fossil-based fuel to avoid direct emissions. At our site, we have boilers which uses by-products from our production, namely sawdust and wood offcut and wood-based debris, as fuel. Energy generated from the boilers is used for powering the finishing oven room.

This year, we began to collect energy data which is mainly derived from our use of electricity and use of fuel in forklifts and lorries owned by the Group. Our energy consumption for the financial year under review is summarised as follows.

	As as 30th June 2024 Energy Consumption (MWh)
Fuel consumption	535.59
Electricity consumption	4,585.11
Total	5,120.70

SUSTAINABILITY STATEMENT

(cont'd)

Energy and GHG Emissions Management (cont'd)

Based on the energy consumption, we estimate our Scope 1 (Direct) and Scope 2 (Indirect) GHG emissions as follows.

	As as 30th June 2024 Emissions (tCO ₂ e)
Scope 1	134.75
Scope 2	3,475.52

The Group acknowledges that there are further enhancement areas to enable more accurate and complete emissions reporting, and we will continue to improve our processes with the aim of developing a reliable GHG inventory to guide our strategies in energy and emissions. We have also begun to develop processes to collect data to estimate our Scope 3 emissions, focusing particularly on Category 6 – Business Travel and Category 7 – Employee Commuting, to fulfil future reporting requirements.

Materials and Waste Management

Materials

At SHH Group, we are mindful of our responsibility to efficiently use materials including using less materials, generating less waste, and optimising the recovery of materials from waste generated.

We are always mindful of the efficient use or recovery of raw materials in manufacturing activities vis-à-vis scarcity and escalating cost of raw materials. More efficient use of raw materials also means less waste generated and greater value creation for the same amount of raw material utilised. In the manufacturing process, we continuously identify and implement measures to maximise production efficiency so that scarce resource is put to best use while maintaining productivity, costs and quality targets. We work together with our customers in exploring designs and construction methods during the product development stage and explore value re-engineering opportunities during the product life-cycle to achieve better use of renewable and environmentally friendly materials, as well as cost efficiency.

Similarly, most of our packaging materials are from recycled pulp-based products, which helps to reduce the use of virgin materials and avoid the energy and resources associated with their extraction.

Waste

As a large-scale furniture manufacturer, one of the largest by-products of our manufacturing process is the emission of sawdust and smoke from our manufacturing processes. Sawdust emission may pose a hazard to people and affect the air quality of the surrounding environment.

Sawdust generated in the operation floor is collected by a dust collector system, which is maintained and monitored periodically including regular replacement of the filter. This ensures a dust-free working environment and minimises pollution of the surrounding environment. We perform regular monitoring and checking of the stack to ensure the filtration system remain well maintained and operating appropriately.

Sawdust collected via our dust collection system, together with wood waste from manufacturing operations, are transferred to our boilers for energy generation or incinerators for incineration of wood wastes. Our boilers and incinerators are installed with air pollution control and monitoring devices to ensure carbon monoxide (CO), particulate matter (PM) and other air pollutant emissions are within permitted limits, thus minimising our manufacturing footprint on the environment. Emissions from our boilers stack are monitored and independently certified/reported by a registered air quality monitoring laboratory bi-annually and are in compliance with the Environment Quality Act 1974.

SUSTAINABILITY STATEMENT

(cont'd)

Materials and Waste Management (cont'd)

Waste (cont'd)

Other by-products generated in our manufacturing process include paint and glue sludge from our finishing lines. Paint sludge is classified as hazardous waste by the Malaysian Department of Environment (“DOE”) and is sent to a waste treatment plant for proper treatment and disposal. Paint, solvent and adhesive sludge produced in our manufacturing processes are collected and contained in solid waste drums and are disposed of by solid waste disposal contractors in compliance with the Fifth Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005.

Water Management

Our operations do not use a significant amount of water and we do not operate in water-stressed areas. During financial year ended 30th June 2024, we consumed approximately 94.18 megalitres (“ML”) of water, which is entirely sourced from municipal water.

	As at 30th June 2024
Water used	94.18 ML

Supporting Community and Society

During financial year ended 2024, the Group contributed RM 11,725 for food distribution to the local community and donations to an old folk’s home. The donation is estimated to have benefited 972 people.

	As at 30th June 2024
Total amount invested in the community	RM 11,725
Number of beneficiaries of the investment in the communities	972

SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	79.00
Executive	Percentage	74.00
Non-executive	Percentage	26.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	11,725.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	972
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	0.00
Senior Management Above 50	Percentage	100.00
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	50.00
Middle Management Above 50	Percentage	50.00
Executive Under 30	Percentage	26.00
Executive Between 30-50	Percentage	65.00
Executive Above 50	Percentage	9.00
Non-Executive Under 30	Percentage	35.00
Non-Executive Between 30-50	Percentage	55.00
Non-Executive Above 50	Percentage	10.00
Gender Group by Employee Category		
Senior Management Male	Percentage	100.00
Senior Management Female	Percentage	0.00
Middle Management Male	Percentage	50.00
Middle Management Female	Percentage	50.00
Executive Male	Percentage	35.00
Executive Female	Percentage	65.00
Non-Executive Male	Percentage	91.00
Non-Executive Female	Percentage	9.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	44.00
Female	Percentage	56.00
Under 30	Percentage	22.00
Between 30-50	Percentage	22.00
Above 50	Percentage	56.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	5,120.70
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.80
Bursa C5(c) Number of employees trained on health and safety standards	Number	2
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	50
Middle Management	Hours	401
Executive	Hours	320
Non-executive	Hours	481
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	78.00

Internal assurance

External assurance

No assurance

(*) Restated

SUSTAINABILITY STATEMENT

(cont'd)

Indicator	Measurement Unit	2024
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Middle Management	Number	1
Executive	Number	1
Non-Executive	Number	73
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	86.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	94.180000

Internal assurance External assurance No assurance (*) Restated

FINANCIAL STATEMENTS

Directors' Report	64
Statement by Directors	68
Statutory Declaration	69
Independent Auditors' Report	70
Statements of Profit or Loss and Other Comprehensive Income	75
Statements of Financial Position	76
Statements of Changes in Equity	78
Statements of Cash Flows	80
Notes to the Financial Statements	83

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	5,074,399	14,940
Non-controlling interests	(49,432)	-
	<hr/> 5,024,967	<hr/> 14,940

RESERVES AND PROVISIONS

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

DIVIDENDS

Subsequent to the end of the current financial year, the Board proposed a first and final single-tier dividend of 1.0 sen per ordinary share, totalling RM999,950 based on 99,995,000 ordinary shares, in respect of the financial year ended 30 June 2024. The proposed dividend is subject to approval by the shareholders at the Thirtieth (30th) Annual General Meeting ("AGM") of the Company.

The financial statements for the current financial year do not reflect this first and final single-tier interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the next financial year ending 30 June 2025.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are:

Dato' Haji Obet bin Tawil *
Grace Khoo Ting Ting *
Lew Khim Khim *
Tan Chin Kiat
Wong Wen Miin
Marissa Lee Sher May (Appointed on 6 July 2023)
Stephen Low Chee Weng (Appointed on 2 January 2024)
Ng Sai Goey (Resigned on 24 November 2023)
Datin Teo Chan Huat (Resigned on 2 October 2024) *
Teo Chee Teng (Resigning on 2 November 2024) *

* These Directors are also Directors of certain subsidiaries of the Company.

DIRECTORS' REPORT

(cont'd)

DIRECTORS (CONT'D)

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the Directors of subsidiaries during the financial year and up to the date of this report, who are not also the Directors of the Company, are as follows:

Dato' Tan Kuan Hai (Appointed on 26 September 2024)

Lau Ngee Chung (Resigned on 18 March 2024)

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

	Number of ordinary shares			
	At 1.7.2023	Bought	Sold	At 30.6.2024
Direct interest:				
Datin Teo Chan Huat	6,542,230	-	-	6,542,230
Indirect interest:				
Datin Teo Chan Huat *	10,743,644	-	-	10,743,644
Teo Chee Teng ^	17,285,874	-	-	17,285,874
Lew Khim Khim ~	30,000,400	-	-	30,000,400

* Interest by virtue of shares held by her spouse.

^ Interest by virtue of shares held by her parents.

~ Interest by virtue of shares held in SX Capital Sdn. Bhd.

By virtue of their interests in the ordinary shares of the Company, Datin Teo Chan Huat, Teo Chee Teng and Lew Khim Khim are also deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests in accordance with Section 8 of the Companies Act, 2016.

None of the other Directors holding office at the end of the financial year had any 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 year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

(cont'd)

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and of the Company during the financial year amounted to RM1,707,589 and RM601,713 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains indemnity insurance for the Directors of the Company for a period of twelve (12) months starting from 1 February 2024, which provides appropriate insurance cover in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors Liability Insurance is RM10,000,000 per occurrence and in the aggregate. The amount of insurance premium paid by the Company for the financial year ended 30 June 2024 was RM17,500.

There was no indemnity given to or liability insurance effected for any officer or auditor of the Group or of the Company during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) which would render it necessary to write off any bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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
- (iv) 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)

As at the date of this report, there does not exist:

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) 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, the financial performance of the Group and of the Company for the financial year ended 30 June 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

AUDITORS

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

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company amounted to RM94,500 and RM28,000 respectively.

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

DATO' HAJI OBET BIN TAWIL

Chairman

LEW KHIM KHIM

Director

Dated 8 October 2024

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the accompanying financial statements set out on pages 75 to 126 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 for the financial year ended on that date.

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

DATO' HAJI OBET BIN TAWIL
Chairman

LEW KHIM KHIM
Director

Dated 8 October 2024

STATUTORY DECLARATION

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

I, **PATRICK LIM SENG CHYE**, being the Chief Financial Officer primarily responsible for the financial management of **SHH RESOURCES HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 75 to 126 are in my opinion correct, to the best of my knowledge and belief, 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 in Malaysia.

Subscribed and solemnly declared by the)	
abovenamed PATRICK LIM SENG CHYE)	PATRICK LIM SENG CHYE
at MUAR in the State of JOHOR DARUL)	MIA No. 14840
TAKZIM on 8 October 2024)	

Before me,

Commissioner for Oaths
Tan Bee Ten
No. J208

INDEPENDENT AUDITORS' REPORT

to the members of SHH Resources Holdings Berhad

Registration No: 199401018548 (304227-U)

Incorporated in Malaysia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SHH RESOURCES 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 of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 75 to 126.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 SHH Resources Holdings Berhad

Registration No: 199401018548 (304227-U)

Incorporated in Malaysia

(cont'd)

Key Audit Matters (cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus – Group	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and right-of-use asset	Our audit procedures included, among others:
Indications of impairment of property, plant and equipment ("PPE") and right-of-use asset ("ROU") are present in a subsidiary of the Group, namely, SHH Wood Processing Sdn. Bhd., as the subsidiary has experienced sustained losses and ceased business operations, with significant PPE and ROU amounting to RM2,685,847 and RM1,694,119 respectively, as at 30 June 2024, comprising only land and building. Accordingly, the Group has performed an impairment assessment on the PPE and ROU of this subsidiary.	<ul style="list-style-type: none">• Obtaining the valuation report prepared by the independent valuers engaged by the Group;• Reviewing this report for appropriateness of the methodology used and the reasonableness of the assumptions used; and• Assessing the competency, capabilities and objectivity of these independent valuers engaged by the Group.
The Group has engaged independent valuers to determine the recoverable amount of the property, plant and equipment, specifically, the land and building of the said subsidiary. These independent valuers use industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. Due to the measurement of fair value being inherently judgemental and the carrying value of the asset being material to the Group, we have considered this to be a key audit matter.	
Valuation of inventories – land held for development	Our audit procedures included assessing the comparability of the land and the related adjusting factors for comparable land.
The Group's inventories of land held for development amounted to RM11,263,458, representing approximately 11.30% of total assets. These inventories are measured at the lower of cost and net realisable value.	
In determining the net realisable value of the land held for development, the Group has assessed recent market transaction prices for similar land.	
Due to the measurement of net realisable value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.	

INDEPENDENT AUDITORS' REPORT

to the members of SHH Resources Holdings Berhad

Registration No: 199401018548 (304227-U)

Incorporated in Malaysia

(cont'd)

Key Audit Matters (cont'd)

Area of focus – Group	How our audit addressed the key audit matter
Valuation of wooden furniture inventories	Our audit procedures included, among others:
<p>As at 30 June 2024, the Group's inventories of wooden furniture amounted to RM22,234,694, representing approximately 22.30% of total assets. Inventories are measured at the lower of cost and net realisable value. The cost of work-in-progress and finished goods includes raw materials, direct labour, other direct costs, and an appropriate allocation of production overheads.</p> <p>The valuation of inventories is a key audit focus due to the significant judgement and estimates involved in both the allocation of production overheads and the conversion of raw materials into work-in-progress and finished goods. The complexity of the costing process and the allocation of costs to each product may impact how accurately these costs reflect the actual costs incurred in their manufacturing. Additionally, any discrepancies in the allocation of production overheads could affect the overall valuation of inventories. Due to the complexity of the costing process and the carrying value of the inventories being material to the Group, we have considered this to be a key audit matter.</p>	<ul style="list-style-type: none">• Assessing the effectiveness and adequacy of the Group's internal controls over inventories;• Evaluating the basis for allocating costs that were not separately identifiable among the products to ensure they were applied on a rational and consistent basis;• Reviewing management's judgement in segregating the total costs between fixed and variable costs and concluding whether the segregation is reasonable;• Assessing the appropriateness and consistent application of the basis used for allocating production overheads;• Evaluating normal production capacity based on production volumes from the past few years and ensuring any periods of abnormal production levels were disregarded in the analysis; and• Reviewing subsequent sales of selected items to confirm that the estimated net realisable value has been fairly stated and that inventories are valued at the lower of cost and net realisable value.

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT

to the members of SHH Resources Holdings Berhad

Registration No: 199401018548 (304227-U)

Incorporated in Malaysia

(cont'd)

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 judgement and maintain professional scepticism throughout the audit. We also:

- (i) 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.
- (ii) 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 the Company's internal control.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT

to the members of SHH Resources Holdings Berhad

Registration No: 199401018548 (304227-U)

Incorporated in Malaysia

(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (vi) 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and of the Company as at 30 June 2023, were audited by another auditor whose report dated 29 September 2023, expressed an unmodified opinion.

PKF PLT

202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

Kuala Lumpur

Dated 8 October 2024

CHAU MAN KIT

02525/03/2026 J
CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

		Group		Company	
		2024 RM	Restated 2023 RM	2024 RM	Restated 2023 RM
	NOTE				
Revenue	5	80,169,844	83,028,159	900,000	900,000
Cost of sales		(63,009,324)	(66,221,706)	-	-
Gross profit		17,160,520	16,806,453	900,000	900,000
Other operating income	6	2,191,426	2,280,645	-	-
Allowance for expected credit losses	18	-	(677,485)	-	-
Selling and distribution costs		(2,975,599)	(3,124,642)	-	-
Administrative expenses		(8,727,665)	(9,689,905)	(885,060)	(795,793)
Profit from operations	9	7,648,682	5,595,066	14,940	104,207
Finance costs	10	(422,241)	(590,881)	-	-
Share of profit in an associate company (Net of tax)		9,815	62,539	-	-
Profit before taxation		7,236,256	5,066,724	14,940	104,207
Income tax expense	11	(2,211,289)	(1,573,989)	-	-
Profit for the financial year/ Total comprehensive income for the financial year		5,024,967	3,492,735	14,940	104,207
Profit/Total comprehensive income attributable to:					
Owners of the Company		5,074,399	3,713,707	14,940	104,207
Non-controlling interests		(49,432)	(220,972)	-	-
		5,024,967	3,492,735	14,940	104,207
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	12	5.07	3.71		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		Group		Company	
		2024	Restated		
ASSETS	NOTE	RM	2023	2024	2023
			RM	RM	RM
Non-current assets					
Property, plant and equipment	13	25,235,910	26,842,960	-	-
Right-of-use assets	14	8,073,133	5,396,409	-	-
Investments in subsidiaries	15	-	-	70,748,998	70,748,998
Investment in an associate company	16	554,234	551,419	-	-
Inventories	17	11,263,458	11,263,458	-	-
		45,126,735	44,054,246	70,748,998	70,748,998
Current assets					
Inventories	17	22,234,694	14,679,313	-	-
Trade and other receivables	18	4,381,939	8,510,256	11,903	1,000
Cash and bank balances	19	27,904,937	31,757,688	994,740	54,014
		54,521,570	54,947,257	1,006,643	55,014
Investments in subsidiary, held for distribution	15	-	178,138	-	-
TOTAL ASSETS		99,648,305	99,179,641	71,755,641	70,804,012

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (cont'd)

		Group		Company	
		2024	Restated		
EQUITY AND LIABILITIES	NOTE	RM	2023	2024	2023
Equity attributable to owners of the Company			RM	RM	RM
Share capital	20	49,997,500	49,997,500	49,997,500	49,997,500
Retained profits	21	32,732,192	27,906,639	16,714,635	16,699,695
		82,729,692	77,904,139	66,712,135	66,697,195
Non-controlling interests		-	(199,414)	-	-
Total equity		82,729,692	77,704,725	66,712,135	66,697,195
Non-current liabilities					
Loans and borrowings	22	62,487	4,068,764	-	-
Deferred tax liabilities	23	1,711,301	1,677,031	-	-
		1,773,788	5,745,795	-	-
Current liabilities					
Trade and other payables	24	9,974,805	9,712,982	5,043,506	4,106,817
Loans and borrowings	22	5,052,068	5,748,047	-	-
Taxation		117,952	268,092	-	-
		15,144,825	15,729,121	5,043,506	4,106,817
Total liabilities		16,918,613	21,474,916	5,043,506	4,106,817
TOTAL EQUITY AND LIABILITIES					
		99,648,305	99,179,641	71,755,641	70,804,012

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	←— Attributable to owners of the Company →	←— Non-distributable →	←— Distributable →	
Group	Share capital RM	Retained profits RM	Sub-Total RM	Non- controlling interests RM
At 1 July 2022	49,997,500	24,192,932	74,190,432	21,558
				74,211,990
Profit for the financial year/Total comprehensive income for the financial year	-	3,713,707	3,713,707	(220,972)
				3,492,735
At 30 June 2023	49,997,500	27,906,639	77,904,139	(199,414)
				77,704,725
Profit for the financial year/Total comprehensive income for the financial year	-	5,074,399	5,074,399	(49,432)
				5,024,967
Effect of acquisition of non-controlling interests	-	(248,846)	(248,846)	248,846
				-
At 30 June 2024	49,997,500	32,732,192	82,729,692	-
				82,729,692

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

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

	←— Attributable to owners of the Company —→	←— Non-distributable —→	←— Distributable —→	Total equity RM
Company	Share capital RM	Retained profits RM		
At 1 July 2022	49,997,500	16,595,488		66,592,988
Profit for the financial year/Total comprehensive income for the financial year	-	104,207		104,207
At 30 June 2023	49,997,500	16,699,695		66,697,195
Profit for the financial year/Total comprehensive income for the financial year	-	14,940		14,940
At 30 June 2024	49,997,500	16,714,635		66,712,135

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	Group		Company	
		2024 RM	Restated 2023 RM	2024 RM	Restated 2023 RM
Cash flows from operating activities					
Profit before taxation		7,236,256	5,066,724	14,940	104,207
Adjustments for:					
Allowance for expected credit losses		-	677,485	-	-
Depreciation of property, plant and equipment		2,119,363	2,131,877	-	-
Depreciation of right-of-use assets		192,338	236,019	-	-
Development costs written down		-	711,520	-	-
Dividend income		-	-	(900,000)	(900,000)
Gain on disposal of property, plant and equipment		(54,267)	(51,979)	-	-
Interest expenses		422,241	590,881	-	-
Interest income		(825,794)	(344,501)	-	-
Loss on winding-up of a subsidiary		15,198	-	-	-
Property, plant and equipment written off		6,395	44,091	-	-
Share of profit in an associate company		(9,815)	(62,539)	-	-
Unrealised gain on foreign exchange		(25,120)	(136,274)	-	-
Waiver of liabilities		(513,516)	-	-	-
Operating profit/(loss) before working capital changes		8,563,279	8,863,304	(885,060)	(795,793)
Change in inventories		(7,548,381)	6,310,103	-	-
Change in receivables		4,238,976	6,536,402	(10,903)	-
Change in payables		1,604,885	(5,517,930)	30,420	4,657
Cash from/(used in) operations		6,858,759	16,191,879	(865,543)	(791,136)
Interest received		724,387	305,149	-	-
Interest paid		(422,241)	(590,881)	-	-
Tax paid		(2,327,439)	(1,106,101)	-	-
Tax refunded		280	-	-	-
Net cash from/(used in) operating activities		4,833,746	14,800,046	(865,543)	(791,136)
(forward)					

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

(continued)

	Note	Group		Company	
		2024 RM	Restated 2023 RM	2024 RM	Restated 2023 RM
Cash flows from investing activities					
Acquisition of non-controlling interests	(1)	-	-	-	-
Acquisition of property, plant and equipment	(667,541)	(726,455)	-	-	-
Acquisition of right-of-use assets	(2,869,062)	-	-	-	-
Dividend received	-	-	900,000	900,000	
Net cash received from the winding up of subsidiary	162,940	-	-	-	-
Placement of fixed deposit with a licensed bank	(22,327)	(13,479)	-	-	-
Proceeds from disposal of property, plant and equipment	203,100	71,000	-	-	-
Net cash (used in)/ from investing activities		(3,192,891)	(668,934)	900,000	900,000
Cash flows from financing activities					
Advances from/(Repayment to) a subsidiary	-	-	906,269	(105,019)	
Decrease in fixed deposit pledged with a licensed bank	806,031	-	-	-	-
Net increase in/(payment of) bankers' acceptances	435,770	(1,524,207)	-	-	-
(Repayment to)/Advances from a corporate shareholder	(830,012)	146,400	-	-	-
Repayment of lease liability	(20,162)	(66,355)	-	-	-
Repayment of term loan	(5,117,864)	(1,072,398)	-	-	-
Net cash (used in)/ from financing activities		(4,726,237)	(2,516,560)	906,269	(105,019)
Net (decrease)/increase in cash and cash equivalents		(3,085,382)	11,614,552	940,726	3,845
Effect of exchange rate fluctuations on cash held		16,335	77,571	-	-
Cash and cash equivalents at beginning of financial year		30,973,984	19,281,861	54,014	50,169
Cash and cash equivalents at end of financial year	19	27,904,937	30,973,984	994,740	54,014

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

(continued)

Reconciliation of liabilities arising from financing activities

Group

	1 July RM	Cash flows RM	Non-cash RM	Reclassification RM	30 June RM
2024					
Amount due to a corporate shareholder	1,367,928	(830,012)	(513,516)	(24,400)	-
Bankers' acceptances	4,595,284	435,770	-	-	5,031,054
Lease liability	103,663	(20,162)	-	-	83,501
Term loan	5,117,864	(5,117,864)	-	-	-
	<u>11,184,739</u>	<u>(5,532,268)</u>	<u>(513,516)</u>	<u>(24,400)</u>	<u>5,114,555</u>

2023

Amount due to a corporate shareholder	1,221,528	146,400	-	-	1,367,928
Bankers' acceptances	6,119,491	(1,524,207)	-	-	4,595,284
Lease liability	170,018	(66,355)	-	-	103,663
Term loan	6,190,262	(1,072,398)	-	-	5,117,864
	<u>13,701,299</u>	<u>(2,516,560)</u>	<u>-</u>	<u>-</u>	<u>11,184,739</u>

Company

2024

Amount due to a subsidiary	4,037,053	906,269	-	-	4,943,322
----------------------------	-----------	---------	---	---	-----------

2023

Amount due to a subsidiary	4,142,072	(105,019)	-	-	4,037,053
----------------------------	-----------	-----------	---	---	-----------

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

The Company is a public limited liability company that is incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The registered office and principal place of business of the Company are located at No. 18-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia and PLO 1, Kawasan Perindustrian Pagoh, 84600 Pagoh, Muar, Johor Darul Takzim, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 8 October 2024.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

(b) Basis of measurement

The material accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies.

(c) Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency. 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.

(d) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, other than changes in the accounting policy information disclosed in the financial statements in line with the amendments to MFRS 101: Disclosure of Accounting Policies which require the disclosure of 'material', rather than 'significant', accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

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

2. BASIS OF PREPARATION (CONT'D)

(e) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 30 June 2024 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the financial statements of the Group and of the Company in the current or future reporting periods.

3. Significant accounting judgements and estimates

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

(a) Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which could have a significant effect on the amounts recognised in the consolidated financial statements.

Operating segments

The segments disclosed in Note 30 to the financial statements have been determined by distinguishing the business activities from which the Group earns revenues and incurs expenses. The economic characteristics of the operating segments have been reviewed and operating segments have been grouped based on the reporting made to the chief operating decision maker.

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within four (4) to fifty (50) years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

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

3. Significant accounting judgements and estimates (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of property, plant and equipment and right-of-use assets

The Group reviews the carrying amount of property, plant and equipment and right-of-use assets at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU").

The Group estimates the recoverable amount of the cash-generating unit ("CGU") based on FVLCD. In estimating the recoverable amounts of FVLCD, the Directors relied on independent professional valuers.

(iv) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(l)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(v) Inventories valuation

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads. Management analyses the types and complexities involved in production when determining the appropriate allocation of production overheads. Any under or over allocation of these overheads may affect the carrying amount of the inventories.

NOTES TO THE FINANCIAL STATEMENTS

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

3. Significant accounting judgements and estimates (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(vi) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax credits and unutilised tax losses to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of unrecognised deferred tax assets are disclosed in Note 23 to the financial statements.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

(vii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(viii) Leases

The measurement of the right-of-use asset and lease liability for leases where the Group is lessee requires the use of judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies

The Group adopted Amendments to MFRS101 Presentation of Financial Statements – Disclosure of Accounting Policies for the first time from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Certain immaterial accounting policies have been voluntarily disclosed to ensure completeness in the financial statements of the Group.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(v) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Investment in associate company

Investment in associate company is accounted for in the consolidated financial statements using the equity method of accounting.

(c) Foreign currencies

Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. 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.

Foreign currency transactions

The principal closing rate used in translating the foreign currency amounts is as follows:

	2024 RM	2023 RM
United States Dollar ("USD")	4.72	4.67

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(d) Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

(i) Sale of goods

Revenue from sale of goods is recognised net of discount and taxes at the point in time when control of the goods transfers to the customers. The transaction price is allocated to each performance obligation based on the standalone selling price of the goods. There is no element of financing present as the sale of goods is on credit terms of up to 90 days.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Other income

Revenue from other sources, specifically interest income is recognised on a time proportion basis that reflects the effective yield on the assets.

(e) Employee benefits

(i) Short-term benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(f) Tax liabilities

A current tax liability is measured at the amount the entity expects to pay using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(g) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(h) Property, plant and equipment

All items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. All other property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives. The principal annual rates of depreciation used are as follows:

Buildings	10 – 50 years
Plant and machinery	10 years
Equipment	4 – 10 years
Furniture and fittings	10 years
Motor vehicles	6 1/4 years

(i) Inventories

(i) Wooden furniture

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are calculated as follows:

(i) Raw materials

The purchase costs of raw materials are determined based on the first-in-first-out ("FIFO") method.

(ii) Finished goods and work-in-progress

Comprises costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are determined using the weighted average cost method.

(ii) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset and stated at the lower of cost and net realisable value.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(i) Inventories (cont'd)

(iii) Property development costs

Property development costs are stated at the lower of cost and net realisable value.

(j) Financial instruments

(i) Financial assets

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group and the Company only have financial assets measured at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

(ii) Financial liabilities

The Group and the Company only have financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables and loans and borrowings.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks, deposits with licensed banks with maturity not exceeding three (3) months and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(l) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(l) Impairment (cont'd)

(i) Impairment of financial assets (cont'd)

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

(m) Equity instruments

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(n) Borrowings 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.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

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

4. Material accounting policies (cont'd)

(o) Leases

Group as a lessee

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. These assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

Long-term leasehold land	60 years
Short-term leasehold land	6 years

Lease liabilities

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

(p) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

(q) Fair value measurement

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use 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:

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

NOTES TO THE FINANCIAL STATEMENTS

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

5. Revenue

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers				
Sale of furniture	80,169,844	83,028,159	-	-
Revenue from other sources				
Dividend income	-	-	900,000	900,000
Timing of revenue recognition from contracts with customers				
Point in time	80,169,844	83,028,159	-	-

There are no unfulfilled performance obligations, whether satisfied or partially satisfied to be recognised over the subsequent periods.

6. Other operating income

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Gain on disposal of property, plant and equipment	54,267	51,979	-	-
Gain on foreign exchange				
- Realised	619,420	1,580,907	-	-
- Unrealised	25,120	136,274	-	-
Interest income	825,794	344,501	-	-
Miscellaneous income	153,309	160,243	-	-
Realised gain on derivative financial instruments	-	6,741	-	-
Waiver of liabilities	513,516	-	-	-
	2,191,426	2,280,645	-	-

7. Employee benefits expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries and wages	18,788,446	18,344,088	642,465	611,434
Contributions to defined contribution plan	823,821	884,854	18,888	11,400
Employees Insurance System and Social Security Contributions	223,793	223,446	2,197	834
	19,836,060	19,452,388	663,550	623,668

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM1,363,883 (2023: RM1,602,000) and RM285,558 (2023: RM210,800) respectively as further disclosed in Note 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

8. Directors' remuneration

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive Directors' remuneration (Note 7)				
- Salaries and other emoluments	1,363,883	1,602,000	285,558	210,800
Total Executive Directors' remuneration (excluding benefits-in-kind)	1,363,883	1,602,000	285,558	210,800
Estimated monetary value of benefits-in-kind	27,551	29,800	-	-
Total Executive Directors' remuneration (including benefits-in-kind)	1,391,434	1,631,800	285,558	210,800
Non-executive Directors' remuneration				
- Fee	316,155	396,434	316,155	396,434
Total Non-executive Directors' remuneration	316,155	396,434	316,155	396,434
Total Directors' remuneration	1,707,589	2,028,234	601,713	607,234

9. Profit from operations

	Group		Company	
	2024 RM	Restated 2023 RM	2024 RM	Restated 2023 RM
Other than as disclosed in Notes 6 to 8, profit from operations is arrived at after charging:				
Auditors' remuneration				
- Statutory audit				
- Current year	94,500	85,500	28,000	25,000
- Under provision	-	2,000	-	2,000
- Other services	-	5,900	-	2,500
Depreciation of property, plant and equipment (Note 13)	2,119,363	2,131,877	-	-
Depreciation of right-of-use asset (Note 14)	192,338	236,019	-	-
Development costs written down	-	711,520	-	-
Loss on winding-up of a subsidiary	15,198	-	-	-
Property, plant and equipment written off (Note 13)	6,395	44,091	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

10. Finance costs

	Group		Company	
	2024	Restated 2023	2024	Restated 2023
	RM	RM	RM	RM
Interest expenses:				
- Bankers' acceptances	153,798	184,615	-	-
- Term loan	264,605	401,021	-	-
- Lease liability	3,838	5,245	-	-
	422,241	590,881	-	-

11. Income tax expense

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Current income tax expense	2,152,681	1,474,200	-	-
Deferred tax (Note 23)	73,994	170,745	-	-
	2,226,675	1,644,945	-	-
Under/(Over) provision in prior year				
- Current income tax expense	24,338	(44,956)	-	-
- Deferred tax (Note 23)	(39,724)	(26,000)	-	-
	(15,386)	(70,956)	-	-
	2,211,289	1,573,989	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

11. Income tax expense (cont'd)

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

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before taxation, excluding the share of profit in an associate company	7,226,441	5,004,185	14,940	104,207
Taxation at Malaysian statutory tax rate of 24%	1,734,346	1,201,004	3,586	25,010
Non-deductible expenses	620,401	523,941	212,414	190,990
Non-taxable income	(128,072)	(102,000)	(216,000)	(216,000)
Effect of unrecognised deferred tax assets	-	22,000	-	-
	2,226,675	1,644,945	-	-
Under/(Over) provision in prior year				
- Current income tax expense	24,338	(44,956)	-	-
- Deferred tax	(39,724)	(26,000)	-	-
	(15,386)	(70,956)	-	-
	2,211,289	1,573,989	-	-

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2024	2023
Profit net of tax attributable to owners of the Company (RM)	5,074,399	3,713,707
Weighted average number of ordinary shares in issue	99,995,000	99,995,000
Basic earnings per share (sen)	5.07	3.71

(b) Diluted

There is no dilution in the earnings per share of the current and previous financial year end as there are no dilutive potential ordinary shares outstanding at the end of the respective reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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

13. Property, plant and equipment

Group	Freehold land	Buildings	Factory buildings	Plant and machinery	Equipment	Furniture and fittings	Motor vehicles	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2022, as restated	152,653	1,399,412	50,223,964	36,507,684	4,751,419	2,443,613	2,978,119	98,456,864
Additions	-	-	-	214,400	163,731	8,097	340,227	726,455
Disposals	-	-	-	-	-	-	(346,189)	(346,189)
Written off	-	-	-	(212,804)	(429,266)	(16,128)	-	(658,198)
At 30 June 2023, as restated	152,653	1,399,412	50,223,964	36,509,280	4,485,884	2,435,582	2,972,157	98,178,932
Additions	-	-	-	435,500	78,041	-	154,000	667,541
Disposals	-	-	-	-	-	-	(596,968)	(596,968)
Written off	-	-	-	(105,634)	(45,647)	(42,105)	-	(193,386)
At 30 June 2024	152,653	1,399,412	50,223,964	36,839,146	4,518,278	2,393,477	2,529,189	98,056,119
Accumulated depreciation								
At 1 July 2022, as restated	-	592,231	27,931,588	33,340,553	3,853,390	2,390,287	2,037,321	70,145,370
Charge for the financial year (Note 9)	-	27,986	912,033	672,804	218,471	10,825	289,758	2,131,877
Disposals	-	-	-	-	-	-	(327,168)	(327,168)
Written off	-	-	-	(212,804)	(385,426)	(15,877)	-	(614,107)
At 30 June 2023, as restated	-	620,217	28,843,621	33,800,553	3,686,435	2,385,235	1,999,911	71,335,972
Charge for the financial year (Note 9)	-	27,986	912,034	678,957	224,749	10,951	264,686	2,119,363
Disposals	-	-	-	-	-	-	(448,135)	(448,135)
Written off	-	-	-	(105,634)	(39,252)	(42,105)	-	(186,991)
At 30 June 2024	-	648,203	29,755,655	34,373,876	3,871,932	2,354,081	1,816,462	72,820,209
Net Book Value								
At 30 June 2024	152,653	751,209	20,468,309	2,465,270	646,346	39,396	712,727	25,235,910
At 30 June 2023, as restated	152,653	779,195	21,380,343	2,708,727	799,449	50,347	972,246	26,842,960

NOTES TO THE FINANCIAL STATEMENTS

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

13. Property, plant and equipment (cont'd)

The factory buildings with carrying amount of RM4,796,664 (2023: RM4,980,498) has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

14. Right-of-use assets

Group	Long-term leasehold land RM	Short-term leasehold land RM	Forklifts RM	Total RM
Cost				
At 1 July 2022, as restated/30 June 2023, as restated	10,246,102	127,718	268,310	10,642,130
Addition	2,869,062	-	-	2,869,062
Expiration of lease contracts	-	-	(268,310)	(268,310)
As 30 June 2024	13,115,164	127,718	-	13,242,882
Accumulated depreciation				
At 1 July 2022, as restated	4,779,750	5,322	224,630	5,009,702
Charge for the financial year (Note 9)	171,053	21,286	43,680	236,019
At 30 June 2023, as restated	4,950,803	26,608	268,310	5,245,721
Charge for the financial year (Note 9)	171,052	21,286	-	192,338
Expiration of lease contracts	-	-	(268,310)	(268,310)
At 30 June 2024	5,121,855	47,894	-	5,169,749
Net book value				
At 30 June 2024	7,993,309	79,824	-	8,073,133
At 30 June 2023, as restated	5,295,299	101,110	-	5,396,409

NOTES TO THE FINANCIAL STATEMENTS

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

14. Right-of-use assets (cont'd)

Additional information about the leasing activities are as follows:

	Long-term leasehold land		Short-term leasehold land		Forklifts	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM
(a) Lease term	60 years	60 years	3 years	3 years	N/A	3 years
(b) Renewal option	No	No	3 years	3 years	N/A	No
(c) Termination option	No	No	Yes	Yes	N/A	Yes
(d) Restriction imposed	*	*	No	No	N/A	No
(e) Lease term determined by the management	60 years	60 years	6 years	6 years	N/A	3 years

* No lease liability for the leasehold land has been recognised as the Group settled its lease obligation prior to the initial application date of MFRS 16.

The long-term leasehold land generally has a lease term of 60 years and does not have a renewal option. Previously, the land had an unexpired lease period of less than 50 years. During the financial year, an application to extend the lease term to the full 60 years was approved, and the unexpired lease term is now reinstated to 60 years. Deposits paid in the previous financial year related to this application are disclosed in Note 18 to the financial statements.

Long-term leasehold land with carrying amount RM1,637,098 (2023: RM1,036,208) has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

15. Investments in subsidiaries

	Company	
	2024 RM	2023 RM
Unquoted shares, at cost	70,748,998	70,748,998

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest		Principal activities
		2024 %	2023 %	
Held by the Company				
SHH Furniture Industries Sdn. Bhd.	Malaysia	100	100	Investment holding and manufacturing of wooden furniture
Held through SHH Furniture Industries Sdn. Bhd.				
Kurnia Sejati Sdn. Bhd.	Malaysia	100	100	Manufacturing of wooden furniture
Kimcrest Sdn. Bhd.	Malaysia	100	100	Property investment
SHH Wood Processing Sdn. Bhd.	Malaysia	100	100	Ceased business operation
Metro Court Sdn. Bhd. @	Malaysia	-	100	Dormant
Rampai Pesona Sdn. Bhd.	Malaysia	100	80	Construction and property development

@ Members' voluntary winding-up

Investment in subsidiary company, held for distribution

	Group	
	2024 RM	2023 RM
Unquoted shares, carrying amount of de-consolidated subsidiary company	-	178,138

The subsidiary, Metro Court Sdn. Bhd., held through SHH Furniture Industries Sdn. Bhd., filed a notice with the Companies Commission of Malaysia ("CCM") for a members' voluntary winding-up pursuant to Section 439(2)(a) of the Companies Act, 2016 on 30 June 2022. The winding-up process was completed during the financial year on 29 April 2024, following which SHH Furniture Industries Sdn. Bhd. wrote off its investment in Metro Court Sdn. Bhd. during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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

15. Investments in subsidiaries (cont'd)

Investment in subsidiary company, held for distribution (cont'd)

The winding-up of Metro Court Sdn. Bhd. had the following effects on the Group as of the date the winding-up process was completed:

	Subsidiary's carrying amount 2024 RM
Tax asset	1,300
Cash and bank balances	178,223
Payables	(1,385)
	<hr/>
Net assets	178,138
Loss on winding-up of a subsidiary	(15,198)
	<hr/>
Net cash received from the winding-up of subsidiary	162,940
	<hr/>

Non-controlling interests in subsidiaries

The financial information of the subsidiary of the Group that has non-controlling interests ("NCI") is as follows:

Equity interest held by non-controlling interests are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	
		2024 %	2023 %
Held through SHH Furniture Industries Sdn. Bhd.			
Rampai Pesona Sdn. Bhd.	Malaysia	-	20
		<hr/>	<hr/>
Carrying amount of NCI:			
Name of subsidiary company		2024 RM	2023 RM
Held through SHH Furniture Industries Sdn. Bhd.			
Rampai Pesona Sdn. Bhd.		-	(199,414)
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

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

15. Investments in subsidiaries (cont'd)

Non-controlling interests in subsidiaries (cont'd)

Loss/Total comprehensive loss allocated to NCI:

	01.07.2023 to 06.03.2024 RM	01.07.2022 to 30.06.2023 RM
Name of subsidiary company		
Held through SHH Furniture Industries Sdn. Bhd.		
Rampai Pesona Sdn. Bhd.	(49,432)	(220,972)

Summarised financial information of NCI

The summarised financial information (before intra-company elimination) of the subsidiary that has NCI is as follows:

	01.07.2023 to 06.03.2024 RM	01.07.2022 to 30.06.2023 RM
Rampai Pesona Sdn. Bhd.		
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	-
Loss/Total comprehensive loss for the financial period/year	(247,160)	(1,104,861)
Summarised statement of financial position		
Non-current assets	11,263,458	11,263,458
Current assets	962,007	944,583
Non-current liabilities	(3,184,095)	(3,985,263)
Current liabilities	(10,285,600)	(9,219,847)
Net liabilities	(1,244,230)	(997,069)

Summarised cash flows information

Net cash used in operating activities	(241,333)	(396,664)
Net cash used in investing activity	(22,327)	(13,480)
Net cash generated from financing activities	266,171	419,797
Net (decrease)/increase in cash and cash equivalents	2,511	9,653

Acquisition of non-controlling interests in subsidiaries

On 6 March 2024, SHH Furniture Industries Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired the remaining 20% equity interest in Rampai Pesona Sdn. Bhd. from the non-controlling shareholder. As a result, Rampai Pesona Sdn. Bhd. became an indirect wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

16. Investment in an associate company

	Group	
	2024 RM	2023 RM
Unquoted shares, at cost	315,386	315,386
Add: Share of post acquisition reserves	238,848	236,033
	<hr/> 554,234	<hr/> 551,419
Represented by:		
Share of net assets	<hr/> 554,234	<hr/> 551,419

Details of the associate company are as follows:

Associate company of SHH Furniture Industries Sdn. Bhd.	Country of incorporation	Equity interest		Principal activity
		2024 %	2023 %	
Deseng Hardware (M) Sdn. Bhd.	Malaysia	49	49	Manufacturing of furniture components.

Summarised financial information of associate

The summarised financial information (before intra-company elimination) of the associate is as follows:

Deseng Hardware (M) Sdn. Bhd.	2024 RM	2023 RM
Summarised statement of profit or loss and other comprehensive income		
Revenue	6,162,443	4,992,104
Profit/Total comprehensive income for the financial year	<hr/> 5,745	<hr/> 188,854
Share of profit/total comprehensive income for the financial year, net of tax (49%)	2,815	92,539
Elimination of unrealised loss/(profit) on upstream sales	<hr/> 7,000	<hr/> (30,000)
Total share of profit/total comprehensive income for the financial year, net of tax	<hr/> 9,815	<hr/> 62,359
Summarised statement of financial position		
Non-current assets	1,826,669	1,754,518
Current assets	1,148,429	993,593
Current liabilities	<hr/> (1,844,009)	<hr/> (1,622,768)
Net assets	<hr/> 1,131,089	<hr/> 1,125,343

There are no capital commitments or contingencies related to the Group's interest in the associate company as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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

16. Investment in an associate company (cont'd)

Reconciliation of net assets to carrying amount as at 30 June

	2024 RM	2023 RM
Group's share of net assets/Carrying amount in the statement of financial position	554,234	551,419

17. Inventories

	2024 RM	Group 2023 RM
Non-current		
Development properties		
At cost		
Land held for development and development costs	11,263,458	11,263,458
Current		
Wooden furniture		
At cost		
Raw materials	7,876,110	6,376,092
Work-in-progress	2,987,864	3,116,210
Finished goods	11,370,720	5,187,011
	22,234,694	14,679,313
Total inventories	33,498,152	25,942,771

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM63,009,324 (2023: RM66,221,706).

Development properties

	Land held for development RM	Development cost RM	Total RM
Non-current			
At cost			
At 1 July 2022			
Transfer from current inventories	10,236,600	1,026,858	11,263,458
At 30 June 2023/30 June 2024	10,236,600	1,026,858	11,263,458
Current			
At cost			
At 1 July 2022	10,236,600	1,738,378	11,974,978
Written down	-	(711,520)	(711,520)
Transfer to non-current inventories	(10,236,600)	(1,026,858)	(11,263,458)
At 30 June 2023/30 June 2024	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

17. Inventories (cont'd)

The inventories with a carrying amount of RMNil (2023: RM11,263,458) have been pledged to a licensed bank as security for a banking facility granted to the Group as disclosed in Note 22 to the financial statements.

Development costs of RM711,520 were written down in the previous financial year due to the expiration of the development order as disclosed in Note 9 to the financial statements.

18. Trade and other receivables

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables				
Third parties	3,496,702	4,808,342	-	-
Less: Allowance for expected credit losses	(677,485)	(677,485)	-	-
Trade receivables, net	2,819,217	4,130,857	-	-
Other receivables				
Third parties	47,961	20,261	-	-
Interest receivable	101,407	39,352	-	-
Deposit for land lease extension application	-	2,899,750	-	-
Other deposits	521,462	832,970	1,000	1,000
Prepayments	891,892	587,066	10,903	-
	1,562,722	4,379,399	11,903	1,000
Total trade and other receivables	4,381,939	8,510,256	11,903	1,000

Trade receivables are non-interest bearing and are generally on 14 to 90 days terms. They are recognised at their original invoice amounts which represented their fair values on initial recognition.

Included in other receivables is a deposit paid for an application to extend the remaining lease term of up to 60 years, amounting to RMNil (2023: RM2,899,750), as disclosed in Note 14 to the financial statements.

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

Group	Trade receivables RM
At 1 July 2022	-
Charge for the financial year	677,485
At 30 June 2023/30 June 2024	677,485

Information about the Group's exposure to credit risks and expected credit losses for trade receivables is included in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

19. Cash and cash equivalents

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash in hand	20,838	8,344	2	2
Cash at banks	10,578,069	11,963,640	994,738	54,012
Fixed deposits with licensed banks	17,306,030	19,785,704	-	-
Cash and bank balances	27,904,937	31,757,688	994,740	54,014
Less: Fixed deposit pledged to a licensed bank	-	(783,704)	-	-
Cash and cash equivalents	27,904,937	30,973,984	994,740	54,014

The deposits earn interests at the respective banks' deposit rates. They are made for varying periods of between one (1) month to twelve (12) months (2023: one (1) month to twelve (12) months) depending on the immediate cash requirements of the Group. The interest rates of the Group during the financial year range from 2.49% to 3.90% (2023: 1.60% to 2.95%) per annum.

Included in fixed deposits with licensed banks is a deposit of RMNil (2023: RM783,704) pledged as security for a term loan granted to the Group as disclosed in Note 22 to the financial statements.

20. Share capital

Group/Company	No. of ordinary shares	Share capital RM
Issued and fully paid:		
At 1 July 2022/30 June 2023/30 June 2024	99,995,000	49,997,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

21. Retained profits

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

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

22. Loans and borrowings

		Group	
		2024	Restated
		RM	2023
			RM
Non-current			
Secured:			
Lease liability		62,487	83,501
Term loan		-	3,985,263
		62,487	4,068,764
Current			
Secured:			
Bankers' acceptances		5,031,054	4,595,284
Lease liability		21,014	20,162
Term loan		-	1,132,601
		5,052,068	5,748,047
Total loans and borrowings			
Secured:			
Bankers' acceptances	(i)	5,031,054	4,595,284
Lease liabilities	(ii)	83,501	103,663
Term loan	(iii)	-	5,117,864
		5,114,555	9,816,811
Maturity structure of loans and borrowings			
Within one year		5,052,068	5,748,047
Between one to two years		21,903	1,240,329
Between two to five years		40,584	2,828,435
		5,114,555	9,816,811

(i) Bankers' acceptances

The bankers' acceptances bear interest rates ranging from 2.91% to 4.87% (2023: 1.86% to 3.48%) per annum and are secured by:

- (a) Legal charges over the factory buildings and long-term leasehold land of a subsidiary as disclosed in Notes 13 and 14 to the financial statements respectively; and
- (b) Corporate guarantee given by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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

22. Loans and borrowings (cont'd)

(ii) Lease liability

The Group has lease contracts for short-term leasehold land and forklifts used in its operations as disclosed in Note 14 to the financial statements. The discount rates implicit in the leases for land and forklifts are 4.15% and Nil% (2023: 4.15% and 5%) per annum respectively.

The Group's obligations under its leases are secured by the lessor's title to the leased assets.

There were no leases with residual value guarantees or leases that have yet to commence for which the Group and the Company have committed.

(iii) Term loan

The term loan bears effective interest rate of 7.40% (2023: 6.40%-7.40%) per annum and is secured by:

- (a) Legal charges over the land held for development of a subsidiary as disclosed in Note 17 to the financial statements;
- (b) Fixed deposit with a licensed bank of a subsidiary as disclosed in Note 19 to the financial statements;
- (c) Corporate guarantee given by a subsidiary; and
- (d) Joint and several guarantees by former Directors.

23. Deferred tax liabilities

	Group	
	2024 RM	2023 RM
At 1 July	1,677,031	1,532,286
Recognised in profit or loss (Note 11)	34,270	144,745
At 30 June	1,711,301	1,677,031

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

	Group	
	2024 RM	2023 RM
Deferred tax assets	84,883	130,000
Provision	1,074,543	1,040,000
Unutilised tax losses	1,159,426	1,170,000

NOTES TO THE FINANCIAL STATEMENTS

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

23. Deferred tax liabilities (cont'd)

The components of deferred tax assets and liabilities as at the end of the financial year prior to offsetting are as follows (cont'd):

	Group	
	2024 RM	2023 RM
Deferred tax liabilities		
Property, plant and equipment	(2,864,701)	(2,906,031)
Others	(6,026)	59,000
	(2,870,727)	(2,847,031)
Deferred tax liabilities recognised	(1,711,301)	(1,677,031)

No deferred tax assets have been recognised for the following items:

	Group	
	2024 RM	2023 RM
Unabsorbed capital allowances	1,161,870	1,161,870
Unutilised tax losses	1,344,649	1,344,649
	2,506,519	2,506,519
Tax rate	24%	24%
Deferred tax assets not recognised	601,564	601,564

Year of expiry of unutilised tax losses is analysed as follows:

	2024 RM	2023 RM
Expired by 2029	1,344,649	1,344,649
Tax rate	24%	24%
	322,716	322,716

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised losses are available to be carried forward up to the maximum of ten (10) years, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

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

24. Trade and other payables

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables				
Third parties	6,902,210	5,573,220	-	-
Associate company	238,935	191,631	-	-
	7,141,145	5,764,851	-	-
Other payables				
Third parties	778,500	2,035,831	379	468
Accruals	2,055,160	1,912,300	99,805	69,296
	2,833,660	3,948,131	100,184	69,764
Amount due to a subsidiary	-	-	4,943,322	4,037,053
Total trade and other payables	9,974,805	9,712,982	5,043,506	4,106,817

The normal credit terms granted to the Group are 7 to 90 days (2023: 7 to 90 days).

Included in other payables to third parties of the Group is an amount of RM24,400 (2023: RM1,367,928) owed to Urbanberry Sdn. Bhd., a corporate shareholder of a subsidiary company. This amount is unsecured, interest free and repayable on demand. Urbanberry Sdn. Bhd. ceased to be the corporate shareholder of the subsidiary on 6 March 2024, following the acquisition of the remaining 20% equity interest by SHH Furniture Industries Sdn. Bhd., as disclosed in Note 15 to the financial statements.

Amount due to an associate company is unsecured, interest free and subject to normal credit terms granted of 30 days (2023: 30 days).

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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

25. Significant related party transactions

(a) Identities of related parties

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

(b) Related parties' transactions

The aggregate value of transactions of the related parties of the Group and of the Company were as follows:

		Transaction value	
		2024 RM	2023 RM
Group			
Name of related parties	Types of transactions		
Entity under common control:			
Rampai Pesona Sdn. Bhd.	Advances from non-controlling shareholder	-	146,400
Associate company:			
Deseng Hardware (M) Sdn. Bhd.	Purchase of goods	6,155,224	4,986,692
	Workmanship charges	7,219	5,412
Substantial shareholder/Person connected to Directors/Former Director:			
Dato' Teo Wee Cheng	Consultancy fee	348,000	116,000
Company			
With subsidiary company:			
SHH Furniture Industries Sdn. Bhd.	Advances from/ (Repayment to)	906,270	(105,019)
	Dividend income	(900,000)	(900,000)

Information regarding outstanding balances arising from related party transactions as at 30 June 2024 is disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

25. Significant related party transactions (cont'd)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Short-term employee benefits	1,975,127	2,575,005	587,313	596,434
Contributions to defined contribution plan	158,400	213,156	14,400	10,800
	2,133,527	2,788,161	601,713	607,234
Included in the key management personnel are:				
Directors' remuneration (Note 8)	1,707,589	2,028,234	601,713	607,234
Key management personnel's remuneration	425,938	759,927	-	-
	2,133,527	2,788,161	601,713	607,234

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

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

26. Financial guarantees

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries as disclosed in Note 22 to the financial statements with nominal amount of RM36,950,000 (2023: RM72,263,000) are negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short-term loans and borrowings obligations as and when they are due.

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments

(a) Categories of financial instruments

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>Measured at amortised cost</u>				
Trade and other receivables	3,490,047	5,023,440	1,000	1,000
Cash and bank balances	27,904,937	31,757,688	994,740	54,014
	31,394,984	36,781,128	995,740	55,014
	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial liabilities				
<u>Measured at amortised cost</u>				
Loans and borrowings	5,114,555	9,816,811	-	-
Trade and other payable	9,974,805	9,712,982	5,043,506	4,106,817
	15,089,360	19,529,793	5,043,506	4,106,817

A reconciliation of trade and other receivables financial assets to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade and other receivables				
As reflected in the statements of financial position (Note 18)	4,381,939	8,510,256	11,903	1,000
Less: Deposit for land lease extension application	-	(2,899,750)	-	-
Prepayments	(891,892)	(587,066)	(10,903)	-
	3,490,047	5,023,440	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

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

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises 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 increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position; and
- a nominal amount of RM36,950,000 (2023: RM72,263,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to its subsidiaries.

(a) Trade receivables

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The Group's historical experience in the collection of trade receivables is within the recorded credit period and the management believes that no additional credit risk for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

(a) Trade receivables (cont'd)

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

Group	Gross amount RM	Expected credit losses RM	Carrying amount RM
2024			
Not past due	2,817,124	-	2,817,124
Past due:			
- less than 30 days	-	-	-
- between 31 to 60 days	-	-	-
- between 61 to 90 days	-	-	-
- more than 91 days	679,578	(677,485)	2,093
	679,578	(677,485)	2,093
	3,496,702	(677,485)	2,819,217
2023			
Not past due	4,128,095	-	4,128,095
Past due:			
- less than 30 days	-	-	-
- between 31 to 60 days	-	-	-
- between 61 to 90 days	-	-	-
- more than 91 days	680,247	(677,485)	2,762
	680,247	(677,485)	2,762
	4,808,342	(677,485)	4,130,857

The Group does not hold any collateral or other credit enhancements over these balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group applies the MFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historical credit losses experienced by the Group. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The effect of the expected credit losses is not material to the Group and as such, the expected credit loss rates have not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

(a) Trade receivables (cont'd)

As at the current financial year end, there is no significant increase in the credit risk of trade receivables since their initial recognition.

Trade receivables that are individually determined to be credit impaired at the financial year end are those in significant financial difficulties and who have defaulted on payments.

As at the reporting date, the Group have significant concentration of credit risk in the form of outstanding balances due from two (2) (2023: 2) major customers representing 93% (2023: 95%) of the total gross trade receivables of the Group.

(b) Other receivables

For other receivables, a lifetime expected credit losses are assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

(c) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(d) Financial guarantees

At the reporting date, the Company's maximum exposure to credit risk is represented by the nominal amount of RM36,950,000 (2023: RM72,263,000) relating to corporate guarantees provided by the Company to banks for banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis. The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there is no indication that the subsidiaries would default on repayment, and accordingly no expected credit losses were recognised.

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) 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.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Carrying amount RM	Contractual undiscounted cash flows RM	Within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM
2024					
Financial liabilities					
Trade and other payables	9,974,805	9,974,805	9,974,805	-	-
Loans and borrowings	5,114,555	5,121,054	5,055,054	66,000	-
	15,089,360	15,095,859	15,029,859	66,000	-
2023, restated					
Financial liabilities					
Trade and other payables	9,712,982	9,712,982	9,712,982	-	-
Loans and borrowings	9,816,811	10,643,322	6,092,704	4,550,618	-
	19,529,793	20,356,304	15,805,686	4,550,618	-

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within one (1) year RM	One (1) to five (5) years RM	Over five (5) years RM
2024					
Financial liabilities					
Trade and other payables	5,043,506	5,043,506	5,043,506	-	-
Financial guarantees*	-	36,950,000	36,950,000	-	-
	5,043,506	41,993,506	41,993,506	-	-
2023					
Financial liabilities					
Trade and other payables	4,106,817	4,106,817	4,106,817	-	-
Financial guarantees*	-	72,263,000	72,263,000	-	-
	4,106,817	76,369,817	76,369,817	-	-

* The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantees could be called.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from its loans and borrowings. Most of the Group's loans and borrowings are charged a fixed interest rate plus the financial institutions' base lending rate per annum. The fixed interest rate is reviewed annually, while the base lending rate used by the financial institutions varies according to the rates set by the respective financial institutions. Meanwhile, the interest rate charged on lease liability is fixed at the inception of the lease arrangement. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group Increase /(Decrease)	
Effects on profit after taxation	2024 RM	2023 RM
Increase of 60 bp (2023: 75 bp)	55,974	57,414
Decrease of 60 bp (2023: 75 bp)	(55,974)	(57,414)

NOTES TO THE FINANCIAL STATEMENTS

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

27. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the functional currency of the Group, which is RM. The foreign currency in which these transactions are denominated are mainly United States Dollars (USD).

Approximately 99% (2023: 99%) of the Group's sales are denominated in foreign currency. 100% (2023: 100%) of the Group's trade receivables as at reporting date are denominated in foreign currency.

The Group also holds cash at banks denominated in foreign currencies for working capital purposes. As at the reporting date, such foreign currency balances (mainly in USD) amounted to RM3,846,367 (2023: RM5,164,050).

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant:

	Group Increase /(Decrease)	
	2024	2023
Effects on profit before taxation	RM	RM
USD/RM		
- strengthened 5% (2023: 5%)	343,530	485,390
- weakened 5% (2023: 5%)	(343,530)	(485,390)

28. Fair value information

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

Financial guarantees

The fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

The financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote and the Company does not expect to incur material losses under these corporate guarantees. As at 30 June 2024, there was no indication that the subsidiaries would default on payments.

NOTES TO THE FINANCIAL STATEMENTS

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

29. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's strategies were unchanged from the previous financial year.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Loans and borrowings	5,114,555	9,816,811	-	-
Trade and other payables	9,974,805	9,712,982	5,043,506	4,106,817
Less: Cash and bank balances	(27,904,937)	(31,757,688)	(994,740)	(54,014)
Net debt	(12,815,577)	(12,227,895)	4,048,766	4,052,803
Total equity	82,729,692	77,704,725	66,712,135	66,697,195
Gearing ratio	-	-	6.07%	6.08%

The Group maintains a gearing ratio that complies with the applicable debt covenant as at the reporting date. The Group is not subject to any other externally imposed capital requirements.

30. Segment information

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has two (2) reportable operating segments as follows:

<u>Reportable segments</u>	<u>Operations</u>
(i) Wooden furniture	Manufacture of wooden furniture, and other support services
(ii) Property development	Construction and property development

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

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

30. Segment information (cont'd)

(i) Operating segment (cont'd)

	Wooden furniture		Property development		Eliminations		Note	Per consolidated financial statements	
	Restated 2023		Restated 2023		Restated 2023			Restated 2023	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM		2024 RM	2023 RM
Segment profit/(loss)	7,015,327	6,167,585	236,127	(1,100,861)	(15,198)	-		7,236,256	5,066,724
Included in the measure of segment profit/(loss) are:									
Revenue from:									
External customers	80,169,844	83,028,159	-	-	-	-		80,169,844	83,028,159
Inter-segment	12,042,245	7,950,041	-	-	(12,042,245)	(7,950,041)		-	-
Total revenue	92,212,089	90,978,200	-	-	(12,042,245)	(7,950,041)	(a)	80,169,844	83,028,159
Allowance for expected credit losses	-	(677,485)	-	-	-	-		-	(677,485)
Depreciation of property, plant and equipment	(2,119,363)	(2,131,877)	-	-	-	-		(2,119,363)	(2,131,877)
Depreciation of right-of-use assets	(727,285)	(236,019)	-	-	534,947	-		(192,338)	(236,019)
Development costs written down	-	-	-	(711,520)	-	-		-	(711,520)
Finance costs	(217,890)	(231,639)	(264,605)	(401,021)	60,254	41,779		(422,241)	(590,881)
Interest income	803,626	327,965	22,168	16,536	-	-		825,794	344,501
Loss on winding-up a subsidiary	-	-	-	-	(15,198)	-		(15,198)	-
Property, plant and equipment written off	(6,395)	(44,091)	-	-	-	-		(6,395)	(44,091)
Share of profit in an associate company	9,815	62,539	-	-	-	-		9,815	62,539
Unrealised gain on foreign exchange	25,120	136,274	-	-	-	-		25,120	136,274
Waiver of liabilities	-	-	513,516	-	-	-		513,516	-

NOTES TO THE FINANCIAL STATEMENTS

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

30. Segment information (cont'd)

	Wooden furniture		Property development		Eliminations		Note	Per consolidated financial statements		
	Restated		Restated		Restated			Restated		
	2024	2023	2024	2023	2024	2023		2024	2023	
	RM	RM	RM	RM	RM	RM		RM	RM	
Segment assets	100,370,607	94,076,107	12,115,247	12,208,041	(12,837,549)	(7,104,507)		99,648,305	99,179,641	
<i>Included in the measure of segment assets are:</i>										
Investment in an associate company	554,234	551,419	-	-	-	-		554,234	551,419	
Investment in subsidiary company, held for distribution	-	178,138	-	-	-	-		-	178,138	
Additions to non-current assets	3,536,603	726,455	-	-	-	-	(b)	3,536,603	726,455	
Segment liabilities	16,875,002	14,974,313	12,881,158	13,205,110	(12,837,547)	(6,704,507)		16,918,613	21,474,916	
<i>Included in the measure of segment liabilities are:</i>										
Deferred tax liabilities	1,711,301	1,677,031	-	-	-	-		1,711,301	1,677,031	
Taxation	116,179	267,248	1,773	844	-	-		117,952	268,092	

NOTES TO THE FINANCIAL STATEMENTS

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

30. Segment information (cont'd)

(i) Operating segment (cont'd)

(a) Inter-segment revenues are eliminated on consolidation.

(b) Additions to non-current assets consist of:

	2024 RM	Restated 2023 RM
Property, plant and equipment (Note 13)	667,541	726,455
Right-of-use assets (Note 14)	2,869,062	-
	3,536,603	726,455

(ii) Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers, and segment assets are based on geographical location of assets. The amounts of non-current assets exclude the investment in an associate company.

	Revenue		Non-current assets	
	2024 RM	2023 RM	2024 RM	2023 RM
Malaysia	878,066	905,568	44,572,501	43,502,827
Saudi Arabia	831,559	-	-	-
United Arab Emirates	1,120,407	1,189,694	-	-
United States	77,339,812	80,932,897	-	-
	80,169,844	83,028,159	44,572,501	43,502,827

(iii) Major customers

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

	Revenue		Segment
Companies	2024 RM	2023 RM	
Company A	-	11,614,529	Wooden furniture
Company B	62,633,136	57,886,635	Wooden furniture

NOTES TO THE FINANCIAL STATEMENTS

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

31. Comparative figures

Group	As previously reported RM	Adjustment RM (a)	As restated RM
Statement of financial position			
<u>30 June 2023</u>			
<u>Non-current asset</u>			
Property, plant and equipment	32,138,259	(5,295,299)	26,842,960
Right-of-use assets	101,110	5,295,299	5,396,409
<u>Current liabilities</u>			
Loans and borrowings	3,985,263	83,501	4,068,764
Lease liabilities	83,501	(83,501)	-
<u>Non-Current liabilities</u>			
Loans and borrowings	5,727,885	20,162	5,748,047
Lease liabilities	20,162	(20,162)	-
Statement of profit or loss and other comprehensive income			
<u>30 June 2023</u>			
Allowances for expected credit losses	-	(677,485)	(677,485)
Administrative expenses	(10,291,739)	601,834	(9,689,905)
Finance costs	(666,532)	75,651	(590,881)
Statement of cash flows			
<u>30 June 2023</u>			
Depreciation of property, plant and equipment	2,302,930	(171,053)	2,131,877
Depreciation of right-of-use assets	64,966	171,053	236,019
Interest expenses	585,636	5,245	590,881
Interest expenses on lease liabilities	5,245	(5,245)	-
Changes in payables	(5,371,530)	(146,400)	(5,517,930)
Net cash generated from operating activities	14,946,446	(146,400)	14,800,046
Net cash used in investing activities	(655,455)	(13,479)	(668,934)
Advances from a corporate shareholder	-	146,400	146,400
Net cash used in financing activities	(2,676,439)	159,879	(2,516,560)

NOTES TO THE FINANCIAL STATEMENTS

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

31. Comparative figures (cont'd)

Company	As previously reported RM	Adjustment RM (a)	As restated RM
Statement of profit or loss and other comprehensive income			
<u>30 June 2023</u>			
Administrative expenses	(795,704)	(89)	(795,793)
Finance costs	(89)	89	-
Statement of cash flows			
Net cash generated from/(used in) operating activities	108,864	(900,000)	(791,136)
Net cash used in investing activities	(105,019)	1,005,019	900,000
Net cash used in financing activities	-	(105,019)	(105,019)

(a) Relates to comparative figures being reclassified to conform to the current year presentation.

LIST OF LANDED PROPERTIES

The Group's policy on revaluation of landed properties is as stated in Note 4(h) and 4(o) to the Financial Statements.

Location	Description	Land Area (ha)	Use	Tenure/Age of Building	Value as at 30.06.2024 RM'000	Date of Revaluation/ Acquisition
SHH Furniture Industries Sdn Bhd						
Lot No. 9237 & 9239 (Formerly PLO Nos. 1, 4, 5 & 6) Kawasan Perindustrian, Pagoh, Muar, Johor Darul Takzim	2 plots of industrial land with factories, office buildings and ancillary structures	5.47	Office and furniture manufacturing facilities	60 years leasehold expiring in 2084/ 30 - 32 years	11,183	8.9.1994 Revaluation
Lot No. 4036 Mukim of Jorak Muar Johor Darul Takzim	1 plot of residential land with 3 blocks of workers' quarters	0.51	Workers' quarters	Freehold/ 31 years	438	7.4.1994 Revaluation
Lot No. 18833 (Formerly PLO Nos. 45, 46 & 47) Kawasan Perindustrian Pagoh, Muar Johor Darul Takzim	1 plot of industrial land with factories, office building and ancillary structures	2.01	Office and furniture manufacturing facilities	60 years leasehold expiring in 2084/ 19 years	3,366	8.9.1994 Revaluation
Lot No. 4041 Mukim of Jorak Muar Johor Darul Takzim	1 plot of land with 3 blocks of workers' quarters	0.54	Workers' quarters	Freehold/ 24 years	466	22.4.1996 Acquisition
SHH Wood Processing Sdn Bhd						
Lot No. 9238 (Formerly PLO Nos. 2 & 3) Kawasan Perindustrian Pagoh, Muar Johor Darul Takzim	1 plot of industrial land with factories and kiln-drying structures	2.89	Wood treatment and kiln-drying facilities	60 years leasehold expiring in 2084/ 31 years	4,380	8.9.1994 Revaluation
Kurnia Sejati Sdn Bhd						
Lot No. 9243 & 9244 (Formerly PLO Nos. 10, 11, 12, 13 & 14) Kawasan Perindustrian Pagoh, Muar Johor Darul Takzim	2 plots of industrial land with factories, office buildings and ancillary structures	3.68	Office and furniture manufacturing facilities	60 years leasehold expiring in 2084/ 25 years	6,434	8.9.1994 Revaluation

LIST OF LANDAD PROPERTIES (cont'd)

Location	Description	Land Area (ha)	Use	Tenure/Age of Building	Value as at 30.06.2024 RM'000	Date of Revaluation/ Acquisition
Kimcrest Sdn Bhd						
Lot No. 9246 (Formerly PLO Nos. 7, 8, 16 & 17) Kawasan Perindustrian Pagoh, Muar Johor Darul Takzim	1 plot of industrial land with office building and warehouse	2.59	Office and warehousing facilities	60 years leasehold expiring in 2084/ 21 years	3,099	8.9.1994 Revaluation
Rampai Pesona Sdn Bhd						
Geran 50541, Lot 8836 Mukim Kajang District of Ulu Langat Selangor Darul Ehsan	Vacant land	2.02	Land held for development	Freehold/ NA	10,237	3.4.2020 Acquisition

STATISTIC ON SHAREHOLDINGS

AS AT 8TH OCTOBER 2024

Principal Statistics

Issued and Paid-up Share Capital	-	RM 49,997,500
Class of Shares	-	Ordinary shares
No. of shares in issue	-	99,995,000 shares
Voting Rights	-	One vote per ordinary share
Number of Shareholders	-	821

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	10	1.22	96	-
100 – 1,000	319	38.85	76,500	0.08
1,001 - 10,000	318	38.73	1,774,810	1.77
10,001 - 100,000	133	16.20	4,083,470	4.08
100,001 to less than 5% of issued shares	36	4.39	28,217,100	28.22
5% and above of issued shares	5	0.61	65,843,024	65.85
	821	100.00	99,995,000	100.00

Substantial Shareholders

(Based on the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
SX Capital Sdn. Bhd.	30,000,400(a)	-	30.00%	-
Lew Khim Khim	-	30,000,400(e)	-	30.00%
Harry Lee Vui Khiun	11,153,600(b)	-	11.15%	-
Dato' Teo Wee Cheng	10,743,644(c)	6,542,230(f)	10.75%	6.5%
Puncak Intan Sdn. Bhd.	9,663,750	-	9.67%	-
Datin Teo Chan Huat	6,542,230(d)	10,743,644 (g)	6.54%	10.75%

Notes:-

- (a) 30,000,400 shares are held through a nominee company.
- (b) 11,153,600 shares are held through nominee companies.
- (c) 1,000,000 shares are held through a nominee company.
- (d) 100,000 shares are held through a nominee company.
- (e) Deemed interested by virtue of the shareholding of his substantial shareholding in SX Capital Sdn. Bhd.
- (f) Deemed interested by virtue of the shareholding of his spouse, Datin Teo Chan Huat.
- (g) Deemed interested by virtue of the shareholding of her spouse, Dato' Teo Wee Cheng.

STATISTIC ON SHAREHOLDINGS

AS AT 8TH OCTOBER 2024

(cont'd)

Directors' Shareholdings (Based on the Register of Directors' Shareholding)

Name of Directors	No. of Shares Held		% of Issued Share Capital	
	Direct	Deemed	Direct	Deemed
Dato' Haji Obet bin Tawil	-	-	-	-
Teo Chee Teng	-	17,285,874(a)	-	17.29%
Lew Khim Khim	-	30,000,400(b)	-	30.00%
Grace Khoo Ting Ting	-	-	-	-
Tan Chin Kiat	-	-	-	-
Wong Wen Miin	-	-	-	-
Marissa Lee Sher May	-	-	-	-
Stephen Low Chee Weng	-	-	-	-

Notes:-

- (a) Deemed interested by virtue of the shareholding of her parents, Dato' Teo Wee Cheng and Datin Teo Chan Huat.
- (b) Deemed interested by virtue of his substantial shareholding in SX Capital Sdn. Bhd.

STATISTIC ON SHAREHOLDINGS

AS AT 8TH OCTOBER 2024

(cont'd)

The 30 Largest Shareholders

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1. CIMSEC Nominees (Tempatan) Sdn Bhd (Account for SX Capital Sdn Bhd)	30,000,400	30.00
2. Kenanga Nominees (Tempatan) Sdn Bhd (Account for Harry Lee Vui Khiun)	9,993,000	9.99
3. Dato' Teo Wee Cheng	9,743,644	9.74
4. Puncak Intan Sdn Bhd	9,663,750	9.66
5. Datin Teo Chan Huat	6,442,230	6.44
6. UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	3,759,500	3.76
7. Kenanga Nominees (Tempatan) Sdn Bhd (Account for Tan Siong Sun)	3,024,000	3.02
8. CGS International Nominees Malaysia (Tempatan) Sdn Bhd (Account for Teo Chee Haw)	2,756,700	2.76
9. Johore Tenggara Oil Palm Berhad	2,740,000	2.74
10. Citigroup Nominees (Tempatan) Sdn Bhd Exempt an OCBC Securities Private Limited	2,327,600	2.33
11. Chua Kheng Khim	1,330,000	1.33
12. CIMB Group Nominees (Tempatan) Sdn Bhd (Account for Tan Sri Lee Fook Long)	1,150,000	1.15
13. Alliancegroup Nominees (Tempatan) Sdn Bhd (Account for Harry Lee Vui Khiun)	1,047,800	1.05
14. Chua Kheng Khim	1,000,000	1.00
15. HSBC Nominees (Tempatan) Sdn Bhd (Account for Dato' Teo Wee Cheng)	1,000,000	1.00
16. Kenanga Nominees (Tempatan) Sdn Bhd (Account for Lee Vui Han @ Anthony Lee Vui Han)	913,800	0.91
17. Lee Kok Hin	839,600	0.84
18. Chua Kean Chuan	700,000	0.70
19. Ong Chin Lee	635,000	0.64
20. Chua Kean Kok	586,000	0.59
21. Chua Kean Eng	514,000	0.51
22. Lim Hoe Seng	501,000	0.50

STATISTIC ON SHAREHOLDINGS

AS AT 8TH OCTOBER 2024

(cont'd)

The 30 Largest Shareholders (cont'd)

Name of Shareholders	No. of Shares Held	% of Issued Share Capital
23. Beh Lian Yim	500,000	0.50
24. Maybank Nominees (Tempatan) Sdn Bhd (Account for Wong Wah Peng)	350,600	0.35
25. Choo Sai Hooi	200,000	0.20
26. Ng See Kee	200,000	0.20
27. Maybank Nominees (Tempatan) Sdn Bhd (Account for Chong Beng Seng)	186,100	0.19
28. Lim Seng Qwee	182,000	0.18
29. Kenneth Tan Keng Han	168,000	0.17
30. Pang Mui Chua	165,600	0.17

**SHH RESOURCES HOLDINGS BERHAD**Registration No: 199401018548 (304227-U)
(Incorporated In Malaysia)**FORM OF PROXY**I/We _____
(full name)

NRIC No./Passport No./Company No. _____

of _____
(full address)

being member/members of SHH Resources Holdings Berhad, hereby appoint the following person(s) as my/our proxy:

Name of proxy & NRIC No./Passport No.	Contact No.	Email address	No. of ordinary shares represented by proxy	Percentage of shareholding
1.				
2.				
Total				100%

or failing whom, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held virtually at the Boardcast Venue at 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 29th November 2024 at 10.30 a.m. and, at every adjournment thereof, on the resolutions indicated below:-

		FOR	AGAINST
Resolution 1	Payment for Directors' Fee for the period from date of the current Annual General Meeting to the next Annual General Meeting of the Company		
Resolution 2	Declaration of First and Final single-tier dividend of 1 sen		
Resolution 3	Re-election of Dato' Haji Obet bin Tawil		
Resolution 4	Re-election of Lew Khim Khim (Ken Lew)		
Resolution 5	Re-election of Stephen Low Chee Weng		
Resolution 6	Re-appointment of Auditors		
Resolution 7	Authority to Issue Shares		
Resolution 8	Share Buy-Back Mandate		

Please indicate with [✓] how you wish your vote to be cast. (Unless otherwise instructed, the proxy may vote as he/she thinks fit). If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

CDS Account No.	
Number of Shares held	
Member's contact number	

Signature of Member(s)

Dated this _____ day of _____ 2024.

Notes:-

1. A proxy may but need not be a member of the Company pursuant to Section 334 of the Companies Act 2016.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The Form of Proxy shall be executed under the hand of the appointer or his/her attorney duly authorised in writing or if such an appointer is a corporation, under its common seal or under the hand of its attorney.
4. The Form of Proxy must be duly completed and deposited at Lot 506 & 507A, 5th Floor, Tower 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur, Wilayah Persekutuan or submitted via email to agm2024@shh.com.my or lodged electronically via "Boardroom Smart Investor Portal" at <https://investor.boardroomlimited.com> not less than twenty-four (24) hours before the time set for holding of the 30th Annual General Meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of the 30th Annual General Meeting to vote by poll.
5. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the 30th Annual General Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).
6. Only members registered in the Record of Depositories as at 22nd November 2024 shall be eligible to attend the 30th Annual General Meeting or appoint a proxy to attend and vote on his/her behalf.
7. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities accounts ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. The 30th Annual General Meeting will be conducted fully virtual at Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the 30th Annual General Meeting.

Please fold along this line

Affix
Stamp
Here

SHH RESOURCES HOLDINGS BERHAD

Lot 506 & 507A, 5th Floor,
Tower 2, Faber Towers,
Jalan Desa Bahagia,
Taman Desa,
58100, Kuala Lumpur,
Wilayah Persekutuan

Please fold along this line



SHH RESOURCES HOLDINGS BERHAD

Registration No. 199401018548 (304227-U)
(Incorporated in Malaysia)

Registered Office

No.18-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
Wilayah Persekutuan

Tel: 03-7984 2018 | Fax: 03-7984 9872

