



## **HHRG BERHAD**

Registration No. 201101041555 (969678-D)  
(Incorporated in Malaysia under the Companies Act 2016)

# **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024**

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
(UNAUDITED)**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.09.2024 <sup>(1)</sup> RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year Period 30.09.2024 <sup>(1)</sup> RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Revenue	31,499	29,667	62,532	58,610
Cost of sales	(22,681)	(20,906)	(45,153)	(41,422)
Gross profit	8,818	8,761	17,379	17,188
Other income	261	633	4,651	1,205
Administrative expenses	(5,375)	(4,049)	(9,911)	(9,684)
Selling and distribution expenses	(766)	(795)	(1,586)	(1,541)
Allowance for expected credit losses on trade receivables				
- Addition	-	(4)	-	(20)
- Reversal	-	1	-	47
Operating profit	2,938	4,547	10,533	7,195
Finance income	180	159	316	281
Finance costs	(612)	(432)	(1,007)	(902)
Profit before tax	2,506	4,274	9,842	6,574
Taxation	(552)	(595)	(1,581)	(1,489)
<b>Total comprehensive income</b>	<b>1,954</b>	<b>3,679</b>	<b>8,261</b>	<b>5,085</b>
<b>Total comprehensive income attributable to:</b>				
- Owners of HHRG	2,086	3,467	8,062	4,979
- Non-controlling interests	(132)	212	199	106
	<b>1,954</b>	<b>3,679</b>	<b>8,261</b>	<b>5,085</b>
<b>Earnings per share (sen) attributable to owners of HHRG:</b>				
- Basic <sup>(2)</sup>	0.22	0.40	0.89	0.58
- Diluted <sup>(2)</sup>	0.21	0.37	0.85	0.54

Notes:

<sup>(1)</sup> The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial report.

<sup>(2)</sup> Kindly refer to Note **B8** for further details.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)**

	As at 30.09.2024 <sup>(1)</sup> RM'000 (unaudited)	As at 31.03.2024 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	133,235	71,887
Investment properties	30,594	27,249
Right-of-use assets	3,756	3,638
Inventories	26,083	26,083
Intangible assets	17,422	18,084
Deferred tax asset	954	954
Keyman insurance contracts	649	449
	212,693	148,344
<b>Current assets</b>		
Inventories	12,697	12,364
Trade and other receivables	54,848	43,788
Asset held for sales	-	8,676
Keyman insurance contracts	-	207
Current tax assets	1,442	1,551
Other investment	2,587	24,108
Cash and cash equivalents	20,895	28,349
	92,469	119,043
<b>TOTAL ASSETS</b>	<b>305,162</b>	<b>267,387</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	166,208	153,776
Other reserves	(2,343)	(407)
Retained profits	39,629	29,664
	203,494	183,033
Non-controlling interests	23,114	22,307
<b>Total equity</b>	<b>226,608</b>	<b>205,340</b>
<b>Non-current liabilities</b>		
Lease liabilities	508	299
Borrowings	19,055	21,216
Deferred tax liabilities	1,863	1,863
	21,426	23,378
<b>Current liabilities</b>		
Trade, other payables and provision	42,125	23,973
Contract liabilities	-	1,594
Borrowings	13,041	11,085
Lease liabilities	1,950	2,016
Derivative liabilities	12	-
Current tax liabilities	-	1
	57,128	38,669
<b>Total liabilities</b>	<b>78,554</b>	<b>62,047</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>305,162</b>	<b>267,387</b>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.24<sup>(2)</sup></b>	<b>0.24<sup>(3)</sup></b>

Notes:

- <sup>(1)</sup> The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial report.
- <sup>(2)</sup> Calculated based on the Company's existing issued share capital for the financial period ended as at 30 September 2024 of 955,955,259 ordinary shares
- <sup>(3)</sup> Calculated based on the Company's existing issued share capital for the financial year ended as at 31 March 2024 of 867,835,759 ordinary shares.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

*[----- Attributable to Owners of the Company -----]  
[----- Non-distributable -----]*

	Share Capital RM'000	Reorganisation Reserve RM'000	Warrants Reserve RM'000	SIS Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 April 2024	153,776	(5,185)	1,864	2,914	29,664	183,033	22,307	205,340
Acquisition of subsidiaries	-	-	-	-	-	-	608	608
Total comprehensive income for the financial period	-	-	-	-	8,062	8,062	199	8,261
SIS lapsed	-	-	-	(1,903)	1,903	-	-	-
Issuance of shares pursuant to:								
- Private placement	12,295	-	-	-	-	12,295	-	12,295
- Warrant exercised	137	-	(33)	-	-	104	-	104
At 30 September 2024	166,208	(5,185)	1,831	1,011	39,629	203,494	23,114	226,608
At 1 April 2023	140,079	(5,185)	2,090	6,319	22,577	165,880	23,390	189,270
Total comprehensive income for the financial period	-	-	-	-	7,087	7,087	769	7,856
Issuance of shares pursuant to:								
- Warrant exercised	949	-	(226)	-	-	723	-	723
- SIS exercised	12,748	-	-	(3,405)	-	9,343	-	9,343
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,852)	(1,852)
At 31 March 2024	153,776	(5,185)	1,864	2,914	29,664	183,033	22,307	205,340

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)**

	Year-to-date ended	
	30.09.2024 RM'000	30.09.2023 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,842	6,574
<u>Adjustments for:</u>		
Allowance for expected credit losses		
- current year	-	20
- reversal	-	(47)
Amortisation of intangible assets		
- customer relationship	645	646
- trademarks	17	16
Depreciation of:		
- investment properties	243	320
- property, plant and equipment	2,817	2,331
- right-of-use assets	1,000	1,325
Fair value adjustment on derivative of financial instruments	(12)	-
Fair value loss/(gain) on keyman insurance contracts	6	(5)
(Gain)/loss on disposal of investment properties	(3,836)	16
Gain on disposal of property, plant and equipment	(137)	(61)
Property, plant and equipment written off	-	257
Interest expense	1,007	902
Interest income	(315)	(281)
Unrealised loss/(gain) on foreign exchange	183	(68)
	<hr/>	<hr/>
Operating profit before working capital changes	11,460	11,945
Inventories	(333)	(656)
Receivables	1,719	4,942
Payables	(19,564)	(4,364)
Contract liabilities	(1,583)	(894)
	<hr/>	<hr/>
Cash (used in) operations	(8,301)	10,973
Income tax paid	(1,278)	(1,701)
Real property gains tax paid	(116)	(1)
	<hr/>	<hr/>
<b>Net cash (used in) operating activities</b>	<b>(9,695)</b>	<b>9,271</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Changes in fixed deposits pledged with licensed banks	147	3,628
Interest received	315	280
Proceeds from disposal of property, plant and equipment	504	629
Proceeds from investment properties	12,751	3,531
Proceeds from written off property, plant and equipment	-	(302)
Subscription for shares in subsidiary in investing activities	(40,130)	(130)
Purchase of property, plant and equipment	(3,133)	(4,606)
Purchase of investment properties	-	(3,031)
Changes in other investment	21,522	-
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<b>Net cash used in investing activities</b>	<b>(8,024)</b>	<b>(1)</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**(UNAUDITED)**

	Year-to-date ended	
	30.09.2024 RM'000	30.09.2023 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interests	-	(1,852)
Interest paid	(1,007)	(902)
Proceeds from exercise of warrants	104	560
Proceeds from exercise of SIS	-	9,343
Proceeds from exercise of ordinary shares	12,495	-
Repayment of bankers' acceptance	800	323
Repayment of term loans	(1,951)	(2,913)
Repayment of hire purchase	(715)	(350)
Repayment of lease liabilities	(976)	(1,313)
<b>Net cash from financing activities</b>	<b>8,750</b>	<b>2,896</b>
Net (decrease)/increase in cash and cash equivalents	(8,969)	12,166
Cash and cash equivalents at beginning of the financial period	13,867	40,412
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,898</b>	<b>52,578</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,413	29,212
Fixed deposits with licensed banks	9,896	21,027
Short-term money market deposit	-	1,050
Short-term investment	2,586	9,661
Cash and cash equivalents per statement of financial position	20,895	60,950
Less: Bank overdraft	(10,649)	(2,560)
Less: Fixed deposits pledged to financial institutions	(5,348)	(5,812)
	<b>4,898</b>	<b>52,578</b>

Note:

*The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial report.*

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## EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

### A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared in accordance with applicable Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia and Part K, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements (“ACE LR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies.

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2024.

### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 March 2024 as disclosed below:

#### **Adoption of Amendments to MFRSs**

##### **Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

*Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules*

Initial application of the above new standard/amendments to MFRSs did not have material impact to the financial statements upon adoption, except for Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies. The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant’ with ‘material’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board (“MASB”) has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in MFRS Practice Statement 2.

The amendments have had an impact on the Group’s and the Company’s disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

### **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:

#### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants*

*Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*

#### **Effective for annual periods beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

#### **Effective for annual periods beginning on or after 1 January 2027**

*MFRS 18 Presentation and Disclosure in Financial Statements*

#### **Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above new standard/amendments to MFRSs is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption, except for MFRS 18 Presentation and Disclosure in Financial Statements.

MFRS 18 introduces new requirements on presentation within the statements of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to MFRS 107 Statement of Cash Flows and MFRS 134 Interim Financial Reporting.

The amendments will have an impact on the Group’s and on the Company’s presentation of statements of comprehensive income, statements of cash flows and additional disclosures in the notes to the financial statements but not on the measurement or recognition of any items in the Group’s and the Company’s financial statements.

The Group is currently assessing the impact of MFRS 18 and plans to adopt the new standard on the required effective date.



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**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 March 2024 were not subject to any qualification.

**A4. SEASONALITY OR CYCLICALITY OF OPERATION**

Save for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal/cyclical effects. Material supply for the Group's oil palm EFB fibre generally experience a decline during the Chinese New Year and Hari Raya season mainly due to businesses are closed for holidays during the festive season.

The Group typically experience higher sales of mattresses and related products prior to major festive season such as Chinese New Year and Hari Raya in tandem with the expected increase in household spending for such items during such periods.

**A5. UNUSUAL ITEMS**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

**A6. MATERIAL CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial year that have a material impact on the current quarter and financial period under review.

**A7. DEBTS AND EQUITY SECURITIES**

**Proposed Fund Raising: Announcement dated 23 April 2024**

On 23 April 2024, on behalf Board of Directors of the HHRG Berhad ("Company"), TA Securities Holdings Berhad ("TA Securities") announced that the Company proposes to undertake the Proposed Private Placement of up to 10% of the number of issued shares in the company (excluding any treasury shares) pursuant to the general mandate obtained from the company's shareholders.

On behalf of the Board of Directors, TA Securities announced that Bursa Securities has, vide its letter dated 8 May 2024, approved the listing and quotation of up to 98,031,400 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:

- i. HHRG and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- ii. HHRG and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii. HHRG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and

- 
- iv. HHRG to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, in the event the current General Mandate expires prior to the completion of the Proposed Private Placement.

On 16 July 2024, on behalf of the Board of Directors, TA Securities announced that 38,522,700 shares were allotted and issued pursuant to the 1st tranche of the Private Placement that was announced on 11 July 2024.

On 19 July 2024, on behalf of the Board of Directors, TA Securities announced that 13,300,000 HHRG Shares were allotted and issued pursuant to the Private Placement that was announced on 11 July 2024.

On 24 July 2024, on behalf of the Board of Directors, TA Securities announced that 35,000,000 HHRG Shares were allotted and issued pursuant to the Private Placement that was announced on 18 July 2024 and marked the completion of the Private Placement.

**Proposed Additional and Relocation: Announcement date 6 November 2024**

On 6 November 2024, the Company wishes to announce that the offer of options has been made to the eligible employees of the Company and its subsidiaries to subscribe for the 202,100,000 units new ordinary shares in the Company under the Company's Share Issuance Scheme ("SIS").

Save from the above, there were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

**A8. DIVIDEND PAID/ DECLARED**

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review. (For Financial Year Ended 31 March 2024: Nil)

**A9. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There were no material events subsequent to the end of current quarter and financial period under review that have not been reflected in this interim financial report or announced to the Bursa Securities.

**A10. CHANGES IN THE COMPOSITION OF THE GROUP**

On 18 April 2024, HHRG acquired 51% stake in PKB Open Road (SP Circuit) Sdn Bhd and ORIC Development (SP) Sdn Bhd which own 150 acres of land in Sungai Petani. The intention of this acquisition is for future land development.

On 13 August 2024, HHRG had incorporated a wholly-owned subsidiary company, namely Open Sea (Langkawi) Sdn Bhd ("OSL"). OSL was incorporated in Malaysia as a private limited company under the Companies Act, 2016. OSL is principally an investment holdings company.

On 25 October 2024, HH Land and Development Sdn Bhd had enter into share sales agreement for disposal of 51 % of subsidiary of KNG Resource Enterprise Sdn Bhd.

Save for the above, there were no changes in the composition of the Group during the current quarter and financial year under review.

#### A11. CHANGES IN CONTINGENT LIABILITIES

There are no material contingent liabilities as at the date of this report.

#### A12. CAPITAL COMMITMENTS

There are no material capital commitments as at the date of this report.

#### A13. SEGMENT INFORMATION

The Group, through its subsidiaries, is principally engaged in manufacturing and trading of biomass materials, manufacturing and trading of furniture, mattresses and related products, money lending services, property development and management. There is no change to the principal activities of the Group during the current quarter and financial period under review.

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Biomass materials and related products

Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.

(ii) Furniture, mattresses and related products

Manufacturing and trading of furniture, mattresses and related products.

(iii) Money lending services

Licensed money lending activities.

(iv) Property development and management

Real property, property development, property management, property renting and trading and investment holding.

	Current quarter ended		Year-to-date ended	
	30.09.24	30.09.23	30.09.24	30.09.23
	RM'000	RM'000	RM'000	RM'000
<b><u>Segment Revenue</u></b>				
Biomass materials and related products	18,989	18,779	37,283	35,826
Furniture, mattresses and related products	13,659	13,330	27,632	27,183
Money lending services	776	-	1,392	-
Property development and management	295	339	614	674
	33,719	32,448	66,921	63,683
Elimination of intragroup transactions	(2,220)	(2,781)	(4,389)	(5,073)
<b>Revenue from external customers</b>	<b>31,499</b>	<b>29,667</b>	<b>62,532</b>	<b>58,610</b>

Quarterly Report on  
Consolidated Results for the  
Second Quarter Ended 30 September 2024



<b><u>Segment Results</u></b>				
Biomass materials and related products	4,599	4,932	8,596	9,022
Furniture, mattresses, and related products	108	446	756	420
Money lending services	260	-	475	-
Property development and management	241	(134)	4,278	(447)
	5,208	5,244	14,105	8,995
Unallocated corporate income and expenses (net)	398	6,030	837	6,507
Elimination of intragroup transactions and profits	(3,100)	(7,000)	(5,100)	(8,928)
<b>Profit before tax of the Group</b>	<b>2,506</b>	<b>4,274</b>	<b>9,842</b>	<b>6,574</b>

	<b>Current quarter ended</b>		<b>Year-to-date ended</b>	
	<b>30.09.24</b>	<b>30.09.23</b>	<b>30.09.24</b>	<b>30.09.23</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Segment Assets</u></b>				
Biomass materials and related products	71,736	61,780	71,736	61,780
Furniture, mattresses, and related products	71,979	73,710	71,979	73,710
Money lending services	33,866	-	33,866	-
Property development and management	104,615	78,606	104,615	78,606
	282,196	214,096	282,195	214,096
Tax assets	1,442	44	1,442	44
Unallocated assets	37,442	28,068	37,442	28,068
Elimination of intragroup balances	(15,918)	14,941	(15,918)	14,941
<b>Total assets of the Group</b>	<b>305,162</b>	<b>257,149</b>	<b>305,162</b>	<b>257,149</b>

<b><u>Segment Liabilities</u></b>				
Biomass materials and related products	20,955	15,303	20,955	15,303
Furniture, mattresses and related products	26,634	29,396	26,634	29,396
Money lending services	33,206	-	33,206	-
Property development and management	48,669	18,395	48,669	18,395
	129,464	63,094	129,464	63,094
Tax liabilities	1,863	1,514	1,863	1,514
Unallocated liabilities	29,695	1,002	29,695	1,002
Elimination of intragroup balances	(82,468)	(10,867)	(82,468)	(10,867)
<b>Total liabilities of the Group</b>	<b>78,554</b>	<b>54,743</b>	<b>78,554</b>	<b>54,743</b>

**A14. RELATED PARTY TRANSACTIONS**

	<b>Current quarter ended</b>		<b>Year-to-date ended</b>	
	<b>30.09.2024</b>	<b>30.09.2023</b>	<b>30.09.2024</b>	<b>30.09.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchase of coconut fibre	450	777	953	1,388
Purchase of furniture semi part	1,660	2,006	2,888	3,353
	<b>2,110</b>	<b>2,783</b>	<b>3,841</b>	<b>4,741</b>

The above transactions are necessary for the Group's day-to-day operations and are undertaken in the ordinary course of business. The above transactions are carried out on terms not more favourable to the related parties than those generally available to the public, which are not to the detriment of the non-controlling shareholders of the Group.

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**ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA BERHAD**

**B1. ANALYSIS OF PERFORMANCE**

Profit and loss	Individual Quarter		Changes		Cumulative Period		Changes	
	Current 30.09.24 RM'000	Current 30.09.24 RM'000	RM'000	%	Current 30.09.24 RM'000	Preceding 30.09.23 RM'000	RM'000	%
Revenue	31,499	29,667	1,832	6.18	62,532	58,610	3,922	6.69
Profit before tax	2,506	4,274	(1,768)	(41.37)	9,842	6,574	3,268	49.71
Profit after tax	1,954	3,679	(1,725)	(46.89)	8,261	5,085	3,176	62.46

**Revenue**

For the current quarter and financial period ended 30 September 2024, the group recorded revenue of RM31.50 million and RM62.53 million respectively, representing increase of RM1.83 million or 6.18% and RM3.92 million or 6.69% respectively as compared to the preceding year corresponding quarter and financial period.

The increase of sales performance was primarily attributable to the following factors:

- i. Increase in average selling price of bio-oil division, where average selling price sold during the current quarter and financial period under review has increase by approximately 8.89% and 7.55% respectively as compared to the preceding year corresponding quarter and financial period.
- ii. Additional segment from money lending services division with increase 100% as compared to the preceding year corresponding quarter and financial period.

However, the increase of sales performance was partially offset by the decrease in average selling price of furniture and mattress division, which has reduced approximately 8.60% and 8.68% as compared to the preceding year corresponding quarter and financial period.

**Profit Before Tax**

Our Group reported a profit before tax of approximately RM2.51 million for the current quarter, representing a decrease of approximately RM1.77 million or 41.37% as compared to the preceding year corresponding quarter and a profit before tax of approximately RM9.84 million for the financial period ended 30 September 2024, representing an increase of approximately RM3.27 million or 49.71% as compared to the preceding year corresponding financial period.

The decrease of profit before tax for the current quarter under review as compared to the preceding year corresponding quarter was primarily due to higher of administrative expenses due to higher professional fees related to legal cases and depreciation of property, plant and equipment of new acquisition of subsidiary.

An increase of profit before tax for the financial period under review as compared to the preceding year corresponding financial period was primarily due to the increase in other income due to gain on disposal of investment properties with RM3.92 million.

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**Profit After Tax**

Our Group reported a profit after tax of approximately RM1.95 million for the current quarter, representing a decrease of approximately RM1.73 million or 46.89% as compare to the preceding year corresponding quarter and a profit after tax of approximately RM8.26 for the financial period ended 30 September 2024, representing an increase of approximately RM3.18 million or 62.46% as compared to the preceding year corresponding financial period.

**B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	<b>Current quarter ended 30.09.2024 RM'000</b>	<b>Preceding quarter ended 30.06.2024 RM'000</b>
Profit before taxation	2,506	7,336

Our Group recorded a profit before tax of approximately RM2.51 million for the current quarter ended 30 September 2024, decreased by approximately RM4.83 million or 65.84% as compared to the preceding quarter ended 30 June 2024. The decrease of profit before tax for the current quarter under review as compared to preceding quarter was primarily due to lower other income in current quarter due to loss on foreign exchange and gain on disposal of investment properties with RM3.92 million incurred in preceding quarter.

**B3. PROSPECTS**

The Group's business operations environment remains challenging. While our biomass division has stabilised with the CPO price, our furniture and mattresses business are facing uncertainties due to the ongoing conflict in the Middle East. Additionally, rising logistics and transportation costs have negatively impacted the sales of our furniture exports to the European market.

HHRG has embarked on diversifying its business into property development by acquiring approximately 202.60 acres of land for future opportunities in industrial, dormitory, sports and recreational development. We are committed to delivering high-quality properties with innovative designs and recreational development, while providing exceptional management services to meet the evolving needs of our customers.

The Board is dedicated to proactively monitoring market trends and ensuring timely actions are taken to address evolving conditions. In addition, the Board will continually explore and pursue strategic business opportunities to broaden and fortify the Group's revenue streams.

Baring any unforeseen circumstances, the Group envisions that FYE 2025 will be better than previous financial year.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.

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**B5. TAX EXPENSE**

	<b>Current quarter ended 30.09.2024 RM'000</b>	<b>Year-to-date ended 30.09.2024 RM'000</b>
Current tax expense	(552)	(1,581)
Deferred tax income	-	-
<b>Total tax expense</b>	<b>(552)</b>	<b>(1,581)</b>
<b>Effective tax rate</b>	<b>22.03%</b>	<b>16.06%</b>

The Group's effective tax rate for the current quarter and financial period under review stood at 22.03% and 16.06% respectively. The prevailing statutory tax rate applicable to the Group is 24%.

The effective tax rate is lower than the applicable statutory tax rate of 24% as a subsidiaries of the Group have been received a one-off tax refund for real property gain tax as result of disposal of investment properties.

**B6. STATUS OF CORPORATE PROPOSALS**

**Proposed Fund Raising: Announcement dated 24 July 2024**

On 24 July 2024, Company announced that the Proposed Private Placement has been completed, where a total of 86,822,700 new shares were placed out. Total gross proceeds raised amounted to RM12,396,792. The status of utilization of the proceeds as per reporting date as follow:

<b>Purpose</b>	<b>Intended Timeframe for Utilisation</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation as at 27 August 2024 RM'000</b>	<b>Balance of Proceeds RM'000</b>
Working capital for subsidiaries	Within 12 months	12,285	8,836	3,449
Estimated expenses for the Proposed Private Placement	Immediately	112	112	-
<b>Total</b>		<b>12,397</b>	<b>8,948</b>	<b>3,449</b>

**Proposed Disposal: Announcement dated 16 May 2024**

On 16 May 2024, the Board of Directors announced that, Heng Huat Industries Holdings Sdn. Bhd. ("HHIH"), a wholly-owned subsidiary of HHRG, had entered into the following agreements:

- i. Share Sale Agreement ("SSA") with Nexus Applause Sdn Bhd ("NASB") to dispose-off 2,508,690 ordinary shares, representing 51% equity interest in HK Kitaran Sdn. Bhd. ("HK Kitaran") for a total cash consideration of RM6,121,020 in the manner as set out in the SSA;
- ii. Profit Guarantee Agreement ("PGA") with NASB in relation to the Profit Before Tax of RM1,470,000 guaranteed by the HHIH to NASB that the PBT as recorded in audited financial statement of HK Kitaran with following details:



- a. in respect of the financial year ended 31 March 2024, shall not be less than the sum of RM735,000; and
- b. in respect of the financial year ending 31 March 2025, shall not be less than the sum of RM735,000.
- iii. Being the 49% of the total aggregate of Profit Before Tax of RM3,000,000 of HK Kitaran for two (2) financial year ended 31 March 2024 and 31 March 2025;
- iv. Shareholders Agreement (“SHA”) with NASB to govern the relationships of HHIH and NASB, being the shareholders of HK Kitaran; and
- v. Guarantee & Indemnity Agreement by Iqzan Holding Berhad (IQZAN) in favour of HHIH to settle the balance purchase price for the sale shares in the event the purchaser fails to settle the balance purchase price for the sale shares.

On 31 July 2024, the Board of Directors announced that HHIH has via its appointed solicitor, Messrs. Olivia Lim & Co, served the Parties the SSA, PGA, SHA and Guarantee Agreement (collectively referred to as the "Agreements"), as well as a termination Letter to terminate the Agreements between HHIH and NASB due to the delisting of IQZAN from the Official List of Bursa Malaysia Securities Berhad.

Save from the above, there were no other corporate proposals announced as at date of this announcement.

## B7. BORROWINGS

The Group’s borrowings as at 30 September 2024 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
<b><u>Secured and guaranteed</u></b>			
Bankers' acceptance	800	-	800
Bank overdrafts	10,649	-	10,649
Hire purchase	694	219	913
Term loans	879	18,855	19,734
<b>Total Borrowings</b>	<b>13,022</b>	<b>19,074</b>	<b>32,096</b>

All the borrowings are denominated in Ringgit Malaysia (RM) and obtained from financial institutions based in Malaysia.

## B8. EARNINGS PER SHARE

### **Basic Earnings per Share (“BEPS”)**

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and financial period under review.



	Current quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
<b>Basic earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	2,086	3,467	8,062	4,979
Weighted average number of ordinary shares in issue ('000)	944,882	861,922	906,669	852,797
BEPS (sen)	0.22	0.40	0.89	0.58

### **Diluted Earnings per Share ("DEPS")**

The diluted earnings per share of the Group is calculated by dividing the profit for the current quarter and financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and financial period adjusted to assume conversion of all dilutive potential ordinary shares arising from the outstanding Warrants and SIS.

	Current quarter ended		Year-to-date ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
<b>Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	2,086	3,467	8,062	4,979
Weighted average number of ordinary shares in issue ('000)	944,882	861,922	906,669	852,797
Adjustment for dilutive effects of:				
- Warrants ('000)	36,374	54,543	40,738	56,007
- SIS ('000)	-(1)	12,393	-(1)	14,311
	981,256	928,858	947,407	923,115
DEPS (sen)	0.21	0.37	0.85	0.54

#### Notes:

<sup>(1)</sup> The issued SIS were anti-dilutive as the exercise price was higher than the prevailing mother share price.

## **B9. CHANGES IN MATERIAL LITIGATION**

### **Writ of summons and statement of claim received from Ooi Chieng Sim and Skylitech Resources Sdn. Bhd. Penang High Court Civil Suit no. PA-22ncvc-58-04/2024**

On 29 April 2024, Pursuant to Rule 9.04(f) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced that HHRG Berhad (3rd Defendant or Company) and its wholly-owned subsidiaries, HK Gua Musang Sdn Bhd (5th Defendant) and Fibre Star (M) Sdn Bhd (6th Defendant) and a sub-subsidiary, HK Kitaran Sdn Bhd (4th Defendant) had received a letter dated 26 April 2024 from Messrs Shafee & Co., the solicitors acting for Ooi Chieng Sim and Skylitech Resources Sdn Bhd, accompanied by a Writ of Summons and Statement of Claim both dated 23 April 2024 issued by the Penang High Court.

On 29 May 2024, the Board of Directors of the Company announced that the Companies had received letters dated 29 May 2024 from Messrs. Shafee & Co., the solicitors acting on behalf of

the Plaintiffs, accompanied by, amongst others, the sealed copy of the Court's Order (Ex-Parte) dated 27 May 2024 pertaining to the Mareva Injunction against the Companies.

On 19 June 2024, the Board of Directors announced that the Court had on 18 June 2024 decided that the inter partes against 3rd to 6th Defendants have been dismissed with no order as to cost. Therefore, the ex-parte injunction has been lapsed on 18 June 2024. There is no more injunction against the 3rd to 6th Defendants from 18 June 2024 onwards.

On 14 November 2024, the Board of Directors of the Company announced that the two striking-out applications made by the Company (3rd Defendant) and its 3 Defendant Subsidiaries (4th, 5th and 6th Defendant) have been dismissed by the High Court on 7 November 2024 with a cost of RM5,000.00 each to be paid by the company and its 3 Defendant Subsidiaries. The case has also been fixed for case management e-review on 8 November 2024 and 10 December 2024.

**Writ of summons and statement of claim received from Ch'ng Chen Mong, Tan Poh Cheng, Ch'ng Boon Sin and Cfamily Holdings Sdn. Bhd. Penang High Court Civil Suit no. PA-22NCvC-111-07/2024**

On 2 August 2024, Pursuant to Rule 9.04(f) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced that the HHRG Berhad("3rd Defendant", "Company" or "HHRG") and its wholly-owned subsidiary, HH Land and Development Sdn Bhd("HHLD" or "4th Defendant") received a letter dated 31 July 2024 from Messrs Gan Partnership, the solicitors acting for Ch'ng Chen Mong ("1st Plaintiff"), Tan Poh Cheng("2nd Plaintiff"), Ch'ng Boon Sin("3rd Plaintiff") and Cfamily Holdings Sdn Bhd("4th Plaintiff"), enclosing, among others, a Writ of Summons("Writ") and Statement of Claim("SOC") both dated 23 July 2024, Notice of Application (Ex-Parte) dated 23 July 2024, Affidavit in Support affirmed by the 3rd Plaintiff on 23 July 2024(4 Volumes), Supplementary Affidavit affirmed by the 3rd Plaintiff on 26 July 2024 and an Ex-Parte Order dated 26th July 2024("Ex-Parte Order").

On 8 August 2024, the Board of Directors announced that the following update in relation to the above.

1. The inter-partes hearing scheduled for 8 August 2024 has been postponed.
2. The Court has therefore fixed the matter for case management on 19 August 2024 via e-Review.

On 21 August 2024, the Board of Directors announced that the following update in relation to the above.

1. A notice of application to set aside the ex-parte order granted on 26 July 2024 has been filed.
2. The Court has scheduled the next case management on 4 October 2024.
3. The hearing for the inter-partes and setting aside application has been scheduled for 19 November 2024.

On 4 September 2024, The Company received queries concerning the arrest of two directors of MG Furniture Sdn Bhd's("MGF"), a 51% subsidiary of the Company, by the Royal Malaysia Police("PDRM"). The Company has contacted PDRM on the same.

The Company was today informed that PDRM has arrested MGF's directors, Mr Ch'ng Chen Mong and Madam Tan Poh Cheng, and their daughter, Ms Ch'ng Seok Yuan, a director of MS

Foresight Sdn Bhd, on 2 September 2024 to assist PDRM's ongoing investigation into the police report lodged by the Company on 27.7.2024.

The Company is currently assessing the impact from a business operation perspective and will not be able to quantify potential losses at this juncture. The Plaintiffs have given an undertaking in Court to indemnify the Company for losses that it may suffer from the grant of the ex-parte order and the ad interim injunction.

On 25 September 2024, the Board of Directors of HHRG Berhad ("3rd Defendant", "Company" or "HHRG") wishes to announce that on 24 September 2024, three(3) Directors of MG Furniture Sdn Bhd, the 1<sup>st</sup> Defendant in Suit 111 ("MGF"), namely Fong Chee Khuen, Cheng Pek Tong and Ng Ying Yiing ("Plaintiffs"), have commenced an action pursuant to the Companies Act 2016 by way of originating summons dated 24.9.2024 in Georgetown High Court, Originating Summons No.: PA-24NCC-33-09/2024 - Fong Chee Khuen, Cheng Pek Tong and Ng Ying Yiing -vs- MGF, Ch'ng Chen Mong, Tan Poh Cheng and Ch'ng Boon Sin. MGF is HHRG's subsidiary; HHRG owns 51% stake in MGF.

On 26 September 2024, the Board wishes to provide the following update in relation to the above. On 25 Se.9.2024, the Plaintiffs filed an application to strike out MGF's Defence and Counter claim and Memorandum of Appearance. Alternative to the former, the Plaintiffs seek a stay of MGF's Defence and Counter claim pending the resolution of the Plaintiffs' main claim (CIVIL SUIT NO. PA-22NCvC-111-07/2024).

The Plaintiffs also seek an interim stay of all other proceedings pending the disposal of this application. A case management is fixed on 30.9.2024.

On 19 November 2024, the Board of Directors announced the following

- a) dismissed the Plaintiffs' inter partes application (Encl. 3) for among others
  - i. an interlocutory injunction to prohibit the Company and the 7<sup>th</sup> to 11<sup>th</sup> Defendants (including their representatives, agents, employees and/or solicitors) from interfering with, changing and/or altering in any manner whatsoever the status quo of MG Furniture Sdn Bhd and/or MG Furniture Innovation Sdn Bhd, including bank signatories, management, operation and/or business, pending the disposal of the action; and
  - ii. an interlocutory injunction to prohibit the Company (including their representatives, agents, employees and/or solicitors) from disposing, transferring, selling, assigning, charging, diluting and/or reducing in any manner whatsoever its 1,020,000 ordinary shares in MG Furniture Sdn Bhd, pending disposal of the action.
- b) allowed the Company's application to set aside the Ex-Parte Order dated 26 July 2024 and ordered damages pursuant to the Plaintiffs' undertaking to be assessed (Encl. 34);
- c) dismissed the Plaintiffs' application to strike out, or alternatively, stay MG Furniture Sdn Bhd's Defence and Counterclaim (Encl. 69); and
- d) ordered the Plaintiffs to pay costs of RM20,000 for Encls. 3 and 34 and RM10,000 for Encl. 69.

The Plaintiffs through counsel indicated they will be appealing against the decision, and moved the High Court for an Erinford injunction in terms of Encl. 3 pending appeal. The High Court heard and dismissed the application as well.

The High Court's decision will not have any financial impact on the Company. Further announcements on the material development of the above matter will be made from time to time, where necessary.

Further announcements on the material development of the above matter will be made from time to time, where necessary.

## B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

Included in profit before tax comprised the following income/(expense) items:

	<b>Current quarter ended 30.09.2024 RM'000</b>	<b>Year-to-date ended 30.09.2024 RM'000</b>
Interest income	61	315
Other income including investment income	149	277
Interest expense	(612)	(1007)
Depreciation expenses	(2,203)	(4,060)
Amortisation expenses	(331)	(662)
Unrealised gain/(loss) on foreign exchange	(175)	(183)
Gain on disposal of property, plant and equipment	91	137
Gain on disposal of investment properties	19	3,836
Fair value gain on derivative instruments	12	6
Allowance for expected credit losses:		
- Current year	-	-
- Reversal	-	-
Impairment loss on property, plant and equipment		
- Current year	-	-
- Reversal	-	-
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Equity-settled share-based payment	-	-
Exceptional items	-	-

## B11. FINANCIAL INSTRUMENTS

### *Derivatives*

There were no outstanding derivatives financial instruments entered into by the Group during the current quarter and financial period under review.