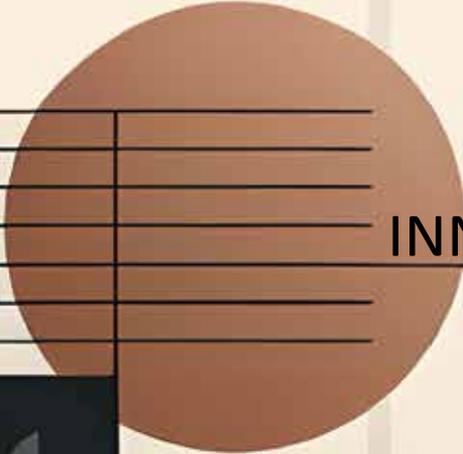




SYNERGY  
HOUSE

Annual Report  
**2023**



INNOVATIVE



CREATIVE



INSPIRING

# 2<sup>nd</sup> Annual General Meeting

The Second Annual General Meeting of Synergy House Berhad (“AGM”) will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities via TIH Online website at <https://tih.online>. Further details on the AGM are as follow:

**Date** Tuesday, 28 May 2024  
**Time** 10:00 a.m.  
**Broadcast Venue** Tricor Business Centre, Manuka 2, 3 and 5, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.



## DIGITAL VERSION OF ANNUAL REPORT 2023

-  01 Download the “QR Code Reader” on App Store or Google Play
-  02 Run the QR Code Reader app and point your camera to the QR Code
-  03 Get access to the soft copy of our Annual Report



The softcopy of the Annual Report 2023 is available on the company’s website at [synergyhouseberhad.com](http://synergyhouseberhad.com)



## OUR MISSION

Combining efforts of excellent team members and strategic business partners to produce stylish yet affordable home furniture for mass market.



## OUR VISION

To become the most influential furniture company in Malaysia by 2025.



## CORE VALUES

Innovative, Strive for Excellence, Teamwork, Harmonious Working Relationship, Reliable & Trustworthy, Keep Growing and Good Health & Well Being.

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# CORPORATE STRUCTURE



**Synergy House Berhad**  
 Reg No.: 202101025778 (1426078-V)



## CORPORATE INFORMATION



## BOARD OF DIRECTORS

**MOK JUAN CHEK***Independent Non-Executive Chairman***TAN EU TAH***Executive Director***TEH YEE LUEN***Executive Director***YEW YONG LING***Independent Non-Executive Director***LIEU PEI YEE***Independent Non-Executive Director***YONG KIM FUI***Independent Non-Executive Director*

## AUDIT COMMITTEE

Chairman**Yong Kim Fui***Independent Non-Executive Director*Member**Yew Yong Ling***Independent Non-Executive Director***Lieu Pei Yee***Independent Non-Executive Director*

## RISK MANAGEMENT COMMITTEE

Chairman**Yong Kim Fui***Independent Non-Executive Director*Member**Yew Yong Ling***Independent Non-Executive Director***Lieu Pei Yee***Independent Non-Executive Director*

## REMUNERATION COMMITTEE

Chairperson**Yew Yong Ling***Independent Non-Executive Director*Member**Yong Kim Fui***Independent Non-Executive Director***Lieu Pei Yee***Independent Non-Executive Director*

## NOMINATION COMMITTEE

Chairperson**Lieu Pei Yee***Independent Non-Executive Director*Member**Yew Yong Ling***Independent Non-Executive Director***Yong Kim Fui***Independent Non-Executive Director*

## COMPANY SECRETARIES

**Fong Seah Lih**

(MAICSA 7062297)  
CCM Practicing Certificate  
No. 202008000973

**Tham Yin Tong**

(MAICSA 7049718)  
CCM Practicing Certificate  
No. 202008001314

HEAD OFFICE /  
PRINCIPAL PLACE OF BUSINESS

Lot 18.A & 18.B & Lot 19.A  
Level 18 & 19  
Top Glove Tower  
No. 16, Persiaran Setia Dagang  
Bandar Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor

Tel : (6017) 366 3426  
Email : info@synergy-house.com

## SPONSOR

**Kenanga Investment Bank Berhad**

16<sup>th</sup> Floor, Kenanga Tower  
237, Jalan Tun Razak,  
50400 Kuala Lumpur

Tel : (603) 2172 2765

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
W.P. Kuala Lumpur, Malaysia

Tel : (603) 2783 9191

Fax : (603) 2783 9111

Email : info@my.tricorglobal.com

## AUDITORS

**Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) &  
AF 1018

8, Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri, 84000 Muar, Johor, Malaysia

Tel : (606) 9524 328

Fax : (606) 9527 328

## ISSUING HOUSE AND SHARE REGISTRAR

**Tricor Investor &****Issuing House Services Sdn Bhd**

Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Tel : (603) 2783 9299

Fax : (603) 2783 9222

Email : is.enquiry@my.tricorglobal.com

## STOCK EXCHANGE LISTING

**ACE Market of Bursa Malaysia  
Securities Berhad**

Stock Name : SYNERGY

Stock Code : 0279

## WEBSITE

[www.synergyhouseberhad.com](http://www.synergyhouseberhad.com)

## DIRECTORS' PROFILE

### MOK JUAN CHEK

*Independent Non-Executive Chairman*

 NATIONALITY	 AGE	 GENDER
Malaysian	67	Male

**Mok Juan Chek** is our Independent Non-Executive Chairman. He was appointed to our Board on 3 December 2021.

He graduated with a Diploma in Agriculture from Universiti Pertanian Malaysia in May 1976.

Upon completing his diploma, he joined the Rubber Industry Smallholders Development Authority ("RISDA") as RISDA Officer where he was involved in processing grants and loans to rubber smallholders in Pahang. Subsequently, he was promoted to Senior RISDA Officer where he took on additional responsibilities such as overseeing the performance of his subordinates and managing grants and loans to rubber smallholders in Pahang. While continuing to pursue his career, he was granted full pay study leave by RISDA where he completed his Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia in April 1984.

Upon completing his degree course, he left RISDA in May 1984 and joined a branch office of Public Bank Berhad in Melaka as Senior Operation Officer where he was responsible for marketing credit facilities and preparing credit proposals. Subsequently, he was transferred to the head office of Public Finance Berhad in Kuala Lumpur where he was involved in evaluating credit proposals. In January 1990, he was promoted to Senior Administrative Officer where he assumed similar responsibilities before he left Public Finance Berhad in September 1990.

In October 1990, he joined Chung Khiaw Bank (Malaysia) Bhd as Assistant Manager at its Melaka branch office where he was involved in marketing credit facilities, preparing loan proposals and executing credit administration works. In January 1992, he was promoted to Deputy Manager where he assumed additional responsibilities for managing relationships with clients who engage in loans and credit facilities with the bank's Melaka branch office. Subsequently, in January 1994, he was further promoted to Assistant Vice President where he was responsible for overseeing the overall operations of the credit marketing, processing and administration departments in the Melaka branch office. In April 1995, he left Chung Khiaw Bank (Malaysia) Bhd.

In May 1995, he joined Hong Leong Bank Berhad as Branch Manager where he was responsible for managing and overseeing the operations of a branch office in Melaka. Subsequently, he was transferred to the headquarters of Hong Leong Bank Berhad in Kuala Lumpur where he became the General Manager of the Credit Card Department where his responsibilities covered the supervision and management of the overall operations of the department. Thereafter, in June 2002, he was transferred to the southern regional office in Johor Bahru as General Manager, Business Banking where he was involved in managing the Business Banking segment of the bank for the southern and east coast regions of Malaysia.

In August 2008, he left Hong Leong Bank Berhad and joined AmBank (M) Berhad in September 2008 as General Manager in the southern regional office in Johor Bahru where he was involved in managing and overseeing the Business Banking segment for the southern and east coast regions of Malaysia. In April 2016, he was transferred to the headquarters of AmBank (M) Berhad in Kuala Lumpur and was promoted to Senior Vice President and Head of Mid-Corporates to oversee and spearhead the wholesale banking operations for the Mid-Corporate segment. In April 2019, he was promoted to Executive Vice President and Head of Mid-Corporates where he assumed similar responsibilities. In May 2020, he retired from his position in AmBank (M) Berhad.

In September 2020, he joined Affin Hwang Asset Management Berhad as a Strategic Adviser on a contract basis, a position which he held until 31 December 2022. On 10 February 2022, he was appointed as Independent and Non-Executive Chairman of Axteria Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), which he assumes till present. On 27 May 2022, he was appointed as Independent and Non-Executive Director of ITMAX System Berhad, a company listed on the Main Market of Bursa Securities, a position which he assumes till present. On 1 April 2024, he was appointed as Independent and Non-Executive Director of Tiong Nam Logistics Holdings Berhad, a company listed on the Main Market of Bursa Securities, a position which he assumes till present.

## DIRECTORS' PROFILE (CONT'D)

### TAN EU TAH

*Executive Director*

 NATIONALITY	 AGE	 GENDER
Malaysian	48	Male

**Tan Eu Tah** is our Executive Director. He is responsible for determining the overall strategic direction and management of our Group by spearheading several business functions namely design and development, operations, purchasing, procurement, quality control, warehouse management, IT and internal control. He was appointed to our Board on 3 August 2021.

He graduated with a Bachelor of Science in Business Administration from the University of Nebraska-Lincoln, USA in August 1997.

In September 1997, as the successor to his father, Tan Kau Tiah @ Tan Ching Hai, who was one of the founders of our Group, joined our Group via Malgames Industries Sdn Bhd (now known as Synergy House Furniture Sdn Bhd) as General Manager where he mainly assisted his father in determining our Group's business direction and implementing our Group's business strategies. Over the years, he gradually took on additional responsibilities where he was involved in managing our Group's overall business operations and activities such as building and maintaining relationships with customers and suppliers as well as developing marketing plans to expand our Group's furniture export market. Further, together with Teh Yee Luen, they expanded our Group's business into the design, development and manufacturing of ready to assemble ("RTA") home furniture using wood panel products.

In view of the growing sales of our RTA home furniture and with the intention to scale up our Group's business, in 2004, he and Teh Yee Luen, embarked on an initiative to transform our Group's business model from home furniture manufacturing to solely focus on the design, development and sale of home furniture.

In January 2006, he and Teh Yee Luen, acquired the entire equity stake in Synergy House Furniture Sdn Bhd from former shareholders who are family members and relatives. At the same time, he was appointed as a Director of our Group and assumed his current responsibilities. Over the years, he has consistently propelled our Group's business expansion and revenue growth. This has been achieved through diversifying our range of furniture offerings and refining our operations with the implementation of strict quality control procedures to ensure the highest product standards. Additionally, he has fostered strong relationships with our suppliers to maintain a seamless supply chain. In August 2021, he was re-designated to an Executive Director of our Group.

### TEH YEE LUEN

*Executive Director*

 NATIONALITY	 AGE	 GENDER
Malaysian	48	Male

**Teh Yee Luen** is our Executive Director. He is responsible for determining the overall strategic direction and management of our Group by spearheading several business functions namely sales, marketing, human resources, and finance. He was appointed to our Board on 3 August 2021.

He graduated with a Bachelor of Science in Business Administration from the University of Nebraska-Lincoln, USA in December 1997.

Upon graduation, he began his career in 1998 as Business Development Manager in Yong Leong Sports Sdn Bhd where he was involved in identifying new markets for the sale of sports equipment, developing sales and marketing strategies and developing new products for the East Malaysian market to improve the company's sales performance. In 1999, he left Yong Leong Sports Sdn Bhd and joined our Group via Malgames Industries Sdn Bhd (now known as Synergy House Furniture Sdn Bhd) as Marketing Manager. He was responsible for managing our Group's marketing initiatives, as well as exploring business opportunities to expand our Group's furniture export market. Further, together with Tan Eu Tah, they expanded our Group's business into the design, development and manufacturing of RTA home furniture using wood panel products.

In view of the growing sales of our RTA home furniture and with the intention to scale up our business, in 2004, he worked together with Tan Eu Tah to transform our Group's business model from home furniture manufacturing to solely focus on the design, development and sale of home furniture.

In January 2006, he and Tan Eu Tah, acquired the entire equity stake in Synergy House Furniture Sdn Bhd from former shareholders who are family members and relatives. At the same time, he was appointed as a Director of our Group and assumed his current responsibilities. Over the years, he has continued to drive our business expansion and revenue growth by expanding and growing our customer base for our export markets and maintaining our relationship with customers. In August 2021, he was re-designated to an Executive Director of our Group.

## DIRECTORS' PROFILE (CONT'D)

### YEW YONG LING

*Independent Non-Executive Director*

 NATIONALITY	 AGE	 GENDER
Malaysian	52	Female

**Yew Yong Ling** is our Independent Non-Executive Director. She was appointed to our Board on 3 December 2021.

She graduated with a Bachelor of Laws from University of London, United Kingdom in August 1998.

Upon graduation, she began her career as Legal Officer in Shuang Hor Enterprise (M) Sdn Bhd in 1998 where she was involved in handling the company's legal matters including legal aspects of the company's expansion into other Asian countries and registration of trademarks and healthcare products with the relevant authorities.

In 2003, she left Shuang Hor Enterprise (M) Sdn Bhd and joined Ferida Hassan Low & Ng as a Chambering Student where she underwent her pupillage. Upon completion of her pupillage, she was called to the Malaysian bar in April 2004.

In 2004, she left Ferida Hassan Low & Ng and joined Pathology & Clinical Laboratory (M) Sdn Bhd as Legal Manager where she was responsible for handling the group's legal matters, researching on relevant acts and liaised with the relevant authorities and counsels for the group's overseas business expansion. She was also involved in managing outlet tenancies and matters related to property investment.

In 2006, she left Pathology & Clinical Laboratory (M) Sdn Bhd and founded a law firm named Yew & Partners. She is the founder, partner and practicing lawyer of Yew & Partners and to date, she has accumulated about 16 years of experience in conveyancing, specialising in real estate transactions, loan documentation and commercial agreements.

### LIEU PEI YEE

*Independent Non-Executive Director*

 NATIONALITY	 AGE	 GENDER
Malaysian	33	Female

**Lieu Pei Yee** is our Independent Non-Executive Director. She was appointed to our Board on 3 December 2021.

She graduated with a Diploma in Accounting from SEGi University College, Malaysia in July 2010. Further, she continued her studies and obtained a Bachelor of Science (Hons) in Applied Accounting from Oxford Brookes University, UK in association with the Association of Chartered Certified Accountants ("ACCA") in September 2013. She has been a member of the ACCA since January 2018.

While completing her last paper for the ACCA examination, she began her career as an Audit Associate in Crowe Horwath in October 2014 where she was involved in handling and executing audit works. She was promoted to Senior Audit Associate in October 2015. In December 2015, she left Crowe Horwath.

In January 2016, she joined Ernst & Young as Audit Assistant where she was involved in handling and executing audit works. She was subsequently promoted to Audit Senior in October 2016 and thereafter promoted to Audit Supervisor in October 2018, where her responsibilities expanded to managing and leading more complex and sizeable audit engagements. Further, in October 2019, she was promoted to Audit Manager where she was responsible for managing audit engagement quality, overseeing team performance, managing client relationships and operational efficiency as well as prospecting and securing business opportunities. She has accumulated audit experience covering various industries such as e-commerce, technology services, manufacturing, trading as well as property development and investment.

In August 2021, she left Ernst & Young and joined Crown Worldwide Shared Services Sdn Bhd as Group Consolidation Manager, a position she holds to-date where she is primarily responsible for consolidating and analysing the financial statements of the group and its related companies from different geographical regions. She is also involved in the forecasting analysis and reviewing of the group's restructuring and business acquisition and disposal exercises.

## DIRECTORS' PROFILE (CONT'D)

### YONG KIM FUI

*Independent Non-Executive Director*

 NATIONALITY	 AGE	 GENDER
Malaysian	51	Male

**Yong Kim Fui** is our Independent Non-Executive Director. He was appointed to our Board on 9 May 2022.

He graduated with a Bachelor of Commerce from University of Southern Queensland, Australia in September 1996. He obtained his Certified Practising Accountant ("CPA") status from the Australian Society of Certified Practising Accountants (now known as CPA Australia) in March 2000 and has been a Chartered Accountant of the Malaysian Institute of Accountants ("MIA") since June 2001.

He began his career with Coopers & Lybrand (now known as PricewaterhouseCoopers) as an auditor in January 1995. He specialized in the finance and manufacturing sectors, where he actively engaged in corporate restructuring, reviewed financial statements, conducted projections for bonds and other debt instruments, facilitated initial public offerings, and conducted investigations. In August 2000, he left PricewaterhouseCoopers.

In September 2000, he co-founded KYL Consulting Sdn Bhd and assumed the roles of Principal and Director, overseeing the provision of comprehensive accounting, taxation, and advisory services. Within this capacity, he was involved in tax investigations, conducted thorough reviews of profit and cash flow forecasts, facilitated projections for corporate restructuring, and conducted detailed examinations of financial statements for debt facilities and bonds. Additionally, he played a key role in securing refunds for sales taxes.

In December 2016, he left KYL Consulting Sdn Bhd and joined Securemetric Technology Sdn Bhd (now a subsidiary of Securemetric Berhad) in January 2017 as Chief Financial Officer. Subsequently, with the listing of Securemetric Berhad, he became the group's Chief Financial Officer which he assumes until present. He is responsible for planning, implementation, managing and controlling the financial and related activities of the group.

On 2 February 2018, he was appointed as Non-Independent Executive Director of Securemetric Berhad, a company listed on the ACE Market, a position which he assumes till present.

#### Other Information

##### i. Family relationship

None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, except for Mr Tan Eu Tah is the cousin to Mr Teh Yee Luen, our Executive Director.

##### ii. Conflict of interest

None of the Directors have any conflict of interest or potential conflict of interests, including interest in any competing businesses with the Group.

##### iii. Convictions for offences

None of the Directors have been convicted for offences within the past five (5) years other than for traffic offences, if any.

##### iv. Interest in the Company

The Directors' interest in the Company is as disclosed in page 89, Analysis of Shareholdings.

##### v. No. of board meetings attended

Four (4) Board meetings were held and was attended by all Directors during the financial year ended 31 December 2023.

## KEY SENIOR MANAGEMENT PROFILE

### KENNETH NG

Chief Financial Officer

NATIONALITY	AGE	GENDER
Malaysian	35	Male

**Kenneth Ng** is our Chief Financial Officer. He is responsible for managing and overseeing the accounting and finance function of our Group including financial reporting, audit, tax and banking related matters. He passed his examinations in December 2009 and graduated with a Bachelor of Business and Commerce specialising in Accounting and Banking and Finance from Monash University, Malaysia in March 2010. He has been a Chartered Accountant of MIA since April 2018 and was duly admitted to full membership of CPA Australia and is entitled to use the designation of CPA in July 2013. After passing his examinations, he began his career at KPMG PLT in January 2010 as an Audit Associate where he was tasked with assisting seniors in audit works for the manufacturing and trading sectors. Subsequently, in January 2012, he was promoted to Audit Senior Associate where he was involved in leading, handling and executing audit assignments. In January 2013, he was further promoted to Assistant Manager where his responsibilities expanded to managing and leading more complex and sizeable audit engagements as well as conducting internal training programs. Later, in January 2015, he was promoted to Manager where he was responsible for handling audit portfolios, managing clients, managing the billing and collection of audit fees, recruiting team members as well as participating in inter-departmental training programs.

In July 2015, he left KPMG PLT and joined PKT Logistics Group Sdn Bhd as a Senior Finance Manager, Corporate Finance. He was in-charge of managing PKT Logistics Group Sdn Bhd and its related companies' borrowings related matters including liaising with bankers, monitoring loan covenants and repayments as well as reviewing cash flow projections. He was also involved in handling

special projects, including joint venture and private placement exercises, as well as assisting and supporting operations of the Accounts & Finance department. Subsequently, in April 2017, he was promoted to Deputy General Manager, Corporate Finance where he assumed similar responsibilities.

In August 2017, he left PKT Logistics Group Sdn Bhd and joined Ban Seng Lee Industries Sdn Bhd (a subsidiary of BSL Corporation Berhad) in September 2017 as Group Accounts Manager, where he was involved in overseeing and managing the overall BSL Corporation Berhad's accounts and banking related matters. He was also responsible for managing corporate finance related matters and ensuring the group's compliance with corporate governance practices and disclosure requirements issued by the Securities Commission Malaysia ("SC") and Bursa Securities. Subsequently, in September 2021, he was promoted to Group Senior Finance Manager where he was involved in managing and liaising with the Group's Executive Directors and handling more corporate finance related matters.

In December 2021, he left Ban Seng Lee Industries Sdn Bhd and subsequently joined our Group in January 2022 as Group Accountant. He was promoted to Chief Financial Officer on 16 October 2023. He has no family relationship with the substantial shareholders, Directors and other Key Senior Management of our Group. He does not hold any directorship in other public companies. He does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries. He has no convictions for any offences within the past five (5) years other than for traffic offences, if any.

### TAN YEE CHI

Marketing Director

NATIONALITY	AGE	GENDER
Malaysian	45	Female

**Tan Yee Chi** is our Marketing Director. She is responsible for managing and overseeing the sales and marketing department of our Group, including the development of sales and marketing strategies to improve our Group's sales. She completed her degree in December 2001 and subsequently obtained a Bachelor of Arts (Hons) in Business Information Technology from INTI International University, Malaysia in collaboration with Coventry University, United Kingdom in November 2002.

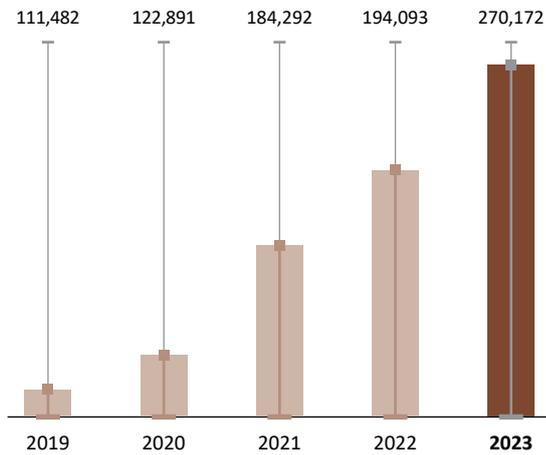
In March 2003, she joined our Group via Malgames Industries Sdn Bhd (now known as Synergy House Furniture Sdn Bhd) as Marketing Executive where she was involved in handling customers' orders as well as performing monthly follow ups.

In 2008, she was promoted to Marketing Manager where she was responsible for leading and supervising our sales and marketing team in generating sales and maintaining relationships with customers, as well as assessing the market potential of new and existing sales opportunities to increase our Group's sales. In 2015, she was promoted to her current position. She is the sister of Mr Tan Eu Tah and cousin of Mr Teh Yee Luen. She does not hold any directorship in other public companies. She does not have any conflict of interest in any business arrangement involving the Company or its subsidiaries. She has no convictions for any offences within the past five (5) years other than for traffic offences, if any.

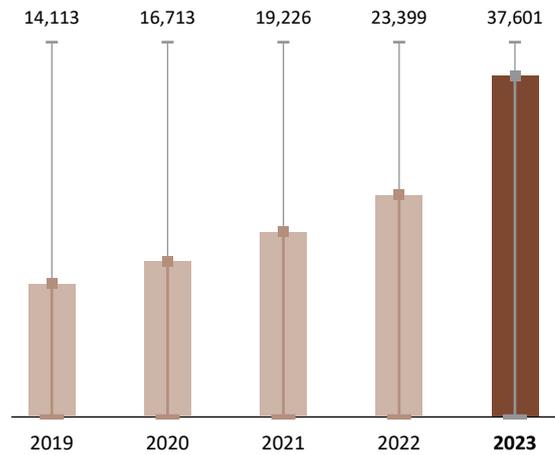
## GROUP FINANCIAL REVIEW

Group	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	111,482	122,891	184,292	194,093	270,172
Profit Before Tax	14,113	16,713	19,226	23,399	37,601
Profit After Tax attributable to: - Owners of the Company	10,895	12,107	14,387	16,624	27,148

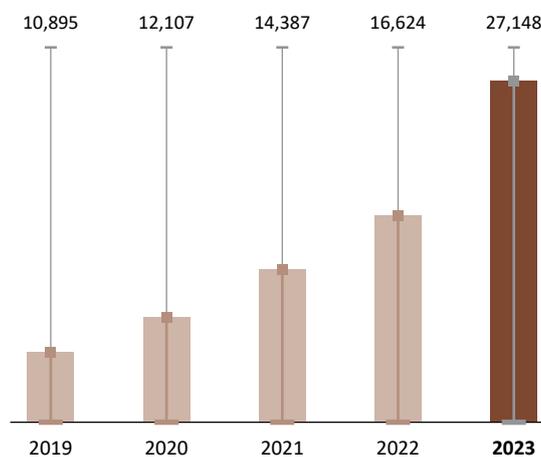
**Revenue**  
(RM'000)



**Profit Before Tax**  
(RM'000)



**Profit After Tax attributable to:  
Owners of the Company**  
(RM'000)



## CHAIRMAN'S STATEMENT



### Dear Esteemed Shareholders,

*On behalf of the Board, it is with great pride that I present the Annual Report for Synergy House Berhad for the financial year ended 31 December 2023. This year has been a testament to our enduring commitment to excellence, innovation, and sustainability. Through the collective efforts of our team and strategic initiatives, we have achieved remarkable financial performance and growth, further solidifying our position in the global e-commerce and furniture market.*

#### MOK JUAN CHEK

*Independent Non-Executive Chairman*

#### Commentary

In a landmark event for our Group, Synergy House Berhad ("Synergy House" or the "Company") successfully listed on the ACE Market of Bursa Malaysia on 1 June 2023. This milestone not only marks a new chapter in our journey but also reflects the confidence and trust placed in us by our investors and stakeholders. I would like to extend my heartfelt gratitude to our Board of Directors, management team, employees, advisers, and everyone who contributed tirelessly to the success of our IPO. Your dedication and hard work have been instrumental in achieving this significant achievement, and we look forward to continuing our journey towards greater heights together.

#### 2023 OVERVIEW

In 2023, Synergy House adeptly navigated a global economic landscape characterised by significant macroeconomic shifts and geopolitical complexities. The year was marked by a moderated global growth trajectory, with the world GDP expanding by 3.0%,<sup>1</sup> a reflection of the economic recalibrations post-pandemic and amidst ongoing geopolitical tensions. This global economic environment, influenced by policy adjustments and trade dynamics, set the stage for businesses worldwide to adapt and strategise for sustainable growth.

Within this broader economic context, Malaysia emerged as a bastion of economic resilience, showcasing a growth rate of 3.7% in 2023.<sup>2</sup> This performance, albeit moderated from the preceding year's surge, was underpinned by Malaysia's robust export diversification and effective monetary policies, which collectively contributed to a stable and conducive business environment. The nation's adept handling of inflation, which saw a decline to 2.5% in 2023, further underscored the resilience of the Malaysian economy, providing a solid foundation for businesses operating within its borders.<sup>3</sup>

In 2023, the Malaysian furniture industry showcased resilience amidst global challenges, with the government focusing on elevating the sector's value chain to counter declining demand, especially from the United States. Efforts to modernise manufacturing through technology, mechanisation, and automation aim to enhance efficiency, reduce reliance on foreign labour, and align with sustainability goals. The industry's adaptation to e-commerce and exploration of new markets is crucial for staying competitive against global counterparts. Additionally, a shift towards a circular economy caters to the ESG-conscious consumer base, further invigorated by digitalisation. Notably, the sector recorded a significant achievement with RM1.21 billion in orders, marking a 19% increase from pre-pandemic levels<sup>4</sup>, underscoring Malaysia's growing influence in the global furniture market.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

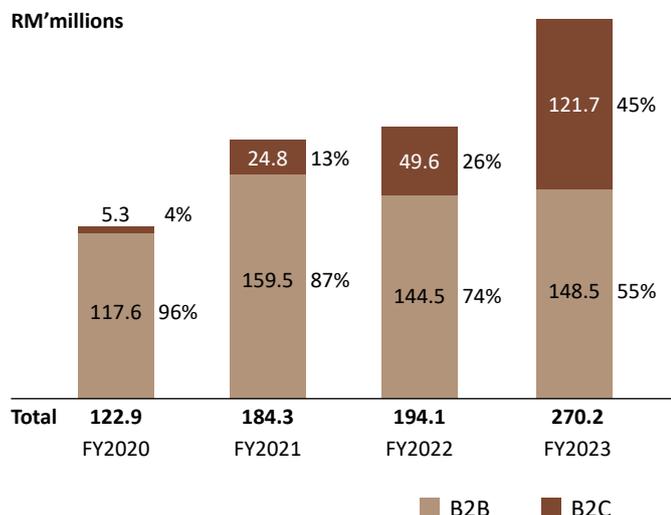
<sup>2</sup> [https://www.bnm.gov.my/-/qb23q4\\_en\\_pr#:~:text=Overall%2C%20the%202023%20growth%20for,amid%20a%20challenging%20external%20environment.](https://www.bnm.gov.my/-/qb23q4_en_pr#:~:text=Overall%2C%20the%202023%20growth%20for,amid%20a%20challenging%20external%20environment.)

<sup>3</sup> [https://www.bnm.gov.my/-/qb23q4\\_en\\_pr#:~:text=Overall%2C%20the%202023%20growth%20for,amid%20a%20challenging%20external%20environment.](https://www.bnm.gov.my/-/qb23q4_en_pr#:~:text=Overall%2C%20the%202023%20growth%20for,amid%20a%20challenging%20external%20environment.)

<sup>4</sup> <https://www.nst.com.my/news/nation/2023/12/988158/fadillah-malaysian-furniture-industry-remains-resilient-despite-stiff>

## CHAIRMAN’S STATEMENT (CONT’D)

Revenue breakdown by B2B & B2C.



*In FY2023, we declared dividends of 1.0 sen and 0.6 sen per share in FY2023, showcasing our commitment to shareholder value and confidence in Synergy House’s future.*

In acknowledgment of our robust financial achievements and our pledge to enhance shareholder value, Synergy House declared and paid two interim single tier dividends for FY2023, evidencing our firm’s belief in the company’s fiscal stability and optimistic outlook. The first interim and second interim dividends, fixed at 1.0 sen and 0.6 sen per share respectively, are a testament to our solid performance in FY2023 and our unwavering commitment to delivering steadfast returns to our esteemed shareholders.

Against the backdrop of these macroeconomic conditions, Synergy House Berhad charted a course of strategic growth and operational excellence. Our focus on both the Business-to-Business (“B2B”) and Business-to-Consumer (“B2C”) segments, particularly against the burgeoning demand within the global furniture market, propelled our revenue to RM270.2 million in FY2023. This growth trajectory not only highlights Synergy House’s robust market positioning but also our agility in capitalising on the opportunities presented by the evolving economic landscape.

Synergy House’s B2C segment thrived, propelled by the e-commerce boom and the expansion into digital marketplaces, mirroring the global trend where 20.8% of retail purchases were expected to transition online. This shift underscores the increasing preference for online shopping, bolstering our strategic entries into platforms like Wayfair in the US, UK, Canada and Germany, Amazon in the US and UK, Cenports in the US, Mano-Mano in the UK and eBay in the UK. With the furniture e-commerce industry having generated approximately USD27.7 billion globally in 2021, and forecasts predicting a rise to about USD41.0 billion by 2030, our strategic engagement within these digital marketplaces is both timely and strategically poised to harness this substantial growth potential<sup>5</sup>.

As we reflect on the year 2023, Synergy House’s journey is a testament to our resilience, strategic foresight, and the collective efforts of our team. Navigating through the complexities of the local and global economic landscapes, we have not only sustained our growth momentum but also set the stage for future expansion and success.

### APPRECIATION NOTE

On behalf of Synergy House, I extend our heartfelt gratitude to our esteemed shareholders for your unwavering support and investment in our journey. Your contributions have been pivotal to our success and growth, embodying the essence of partnership that drives Synergy House forward. We deeply value the confidence and trust you have placed in us, recognising it as the cornerstone of our progress and the catalyst for our ambitious endeavours.

We are committed to fostering a culture of transparency and open communication, ensuring that you, our shareholders, are continually informed and engaged with our strategic decisions and operational milestones. It is our steadfast promise to create long-term value for you, navigating the complexities of the market with a clear vision for sustainable growth.

Our management team is dedicated to upholding this growth trajectory, leveraging our collective expertise and innovative strategies to secure Synergy House’s position as a leader in our industry. Together, we look forward to building a prosperous future, marked by shared success and enduring achievements.

Warm regards,

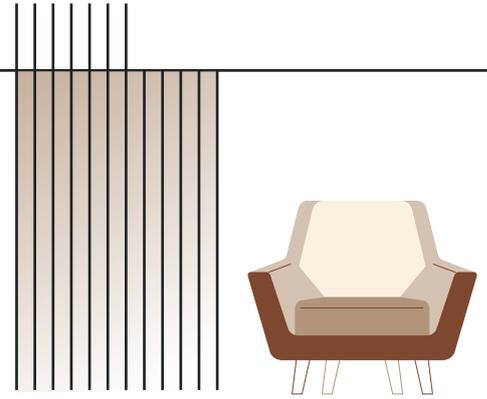
Independent Non-Executive Chairman  
**MOK JUAN CHEK**

<sup>5</sup> <https://www.statista.com/statistics/1332811/furniture-e-commerce-market-size/>

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

### BRINGING COMFORT ACROSS BORDERS: EXPANDING OUR CROSS-BORDER FURNITURE E-COMMERCE

Synergy House Berhad is a cross-border e-commerce seller and furniture exporter that specialises in beautifully designed and affordable Ready-to-Assemble (“RTA”) home furniture. RTA home furniture is designed in flat-packed form for ease of storage and transportation, requiring assembly by customers upon purchase. Our sales channels include both business-to-business (“B2B”) and business-to-consumer (“B2C”) models. Under the B2B model, we sell our RTA home furniture to online retailers, chain-store retailers, and wholesalers. These products may be branded under third-party brand names. Conversely, our B2C sales model involves direct sales to end-consumers through our in-house online store and third-party e-commerce platforms, such as Wayfair US, Wayfair UK, Amazon US, Amazon UK, Cenports, Mano Mano and eBay. These products may carry our in-house brand names or third-party brand names.



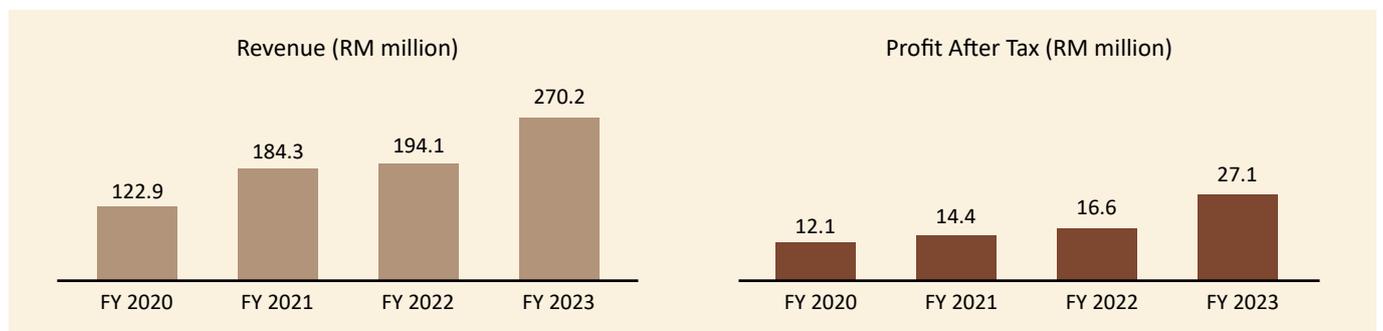
As we look ahead, Synergy House Berhad remains dedicated to expanding our B2C operations, focusing on enhancing our presence on additional e-commerce platforms and entering new markets, with a notable initiative to commence B2C sales in France. We aim to significantly increase our product listings, growing from 1,608 stock keeping units (“SKUs”) in 2023 to a substantially higher count. This expansion will include the introduction of new product categories such as bathroom vanity furniture and an exploration into a children’s furniture line, catering to a broader customer base with diverse needs. In parallel, we are committed to leveraging technology and artificial intelligence (“AI”) to underpin these growth strategies. This commitment ensures our team is equipped with the necessary skills and we are continuously investing in advanced software and hardware. These strategic initiatives are designed to enhance our market presence, operational efficiency, innovate our processes, customer engagement, aligning with our goal to meet and exceed the growing demand for our products in the global market.

Furthermore, we recognise the importance of leveraging technology and AI to enhance efficiency and stay ahead of market trends. By investing in market intelligence software, we aim to obtain the latest information on consumer preferences and market trends for home furniture. This will enable us to make data-driven decisions and adapt our strategies to meet evolving consumer demands effectively.

Our B2C sales serve international markets, including the USA, UK, Canada, and Germany, and local consumers in Malaysia and through third party e-commerce platforms and our online store. This global reach underscores our commitment to providing quality RTA home furniture to customers worldwide.

### REVIEW OF FINANCIAL PERFORMANCE

In the financial year ended 31 December 2023 (“FY2023”), Synergy House Berhad not only navigated through the complexities of the global market but also seized opportunities for substantial growth and strategic advancements. Our journey was characterised by an impressive revenue surge to RM270.2 million, marking a significant 39.21% increase from the RM194.1 million recorded in FY2022.

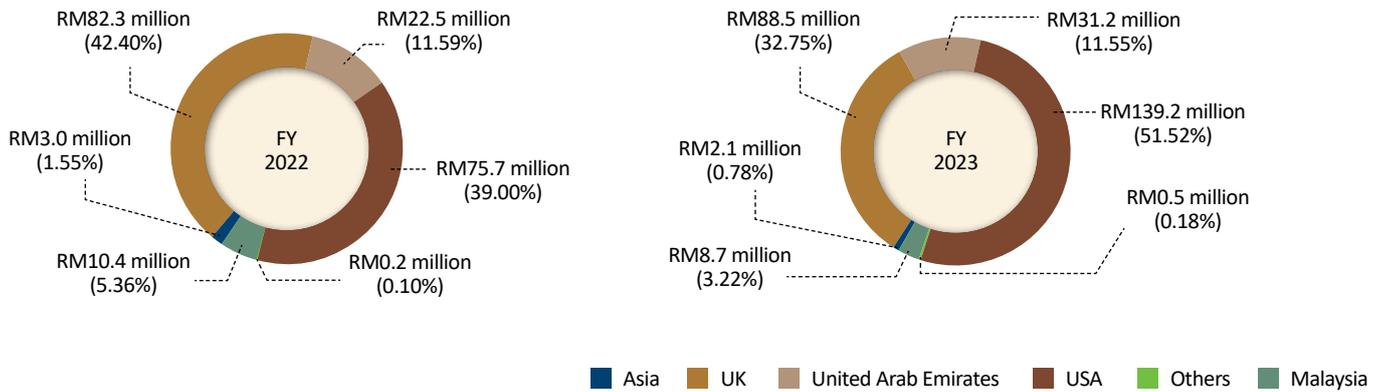


The fiscal narrative of 2023 further underscored our financial fortitude, with the Profit After Tax (“PAT”) ascending to RM27.1 million, a notable leap of 63.25% from the previous year’s PAT of RM16.6 million. This remarkable increase in profitability is a testament to our strategic initiatives’ efficacy and our operational framework’s optimisation. The PAT margin for FY2023 stood at approximately 10.03%, compared to 8.55% in FY2022, illustrating a commendable improvement in our profitability ratios and highlighting our enhanced ability to generate profit from our revenue streams. This year-on-year enhancement in the PAT margin underscores our commitment to not only growing our top-line figures but also improving our bottom-line efficiency, ensuring that our growth is sustainable and value-creating for our stakeholders.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONT'D)

### REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Revenue breakdown by geographical region, for FY2023 and FY2022.



Our geographical expansion strategy yielded remarkable results, with revenue from the United States of America soaring by 83.88% to RM139.2 million, up from RM75.7 million in FY2022. The United Kingdom market also showed solid growth, with revenue increasing by 7.53% to RM88.5 million from RM82.3 million. Furthermore, another key market which is the United Arab Emirates market expanded by 38.67%, contributing RM31.2 million, up from RM22.5 million.

In FY2023, the B2B segment of Synergy House Berhad achieved a revenue of RM148.5 million, marking a year-on-year growth of 2.77% from the previous RM144.5 million. Meanwhile, the B2C segment exhibited remarkable dynamism, with its revenue surging to RM121.7 million, an impressive year-on-year increase of 145.36% from the prior RM49.6 million. This significant growth in the B2C segment, alongside the steady performance of the B2B segment, underscores our strategic adaptability and diversified approach, effectively meeting the evolving demands across varied markets and capitalising on extensive growth opportunities.

Our achievements this year, including strategic expansions into new markets such as Mano Mano in the UK, Wayfair in Canada and Germany not only diversified our revenue streams but also solidified our presence in the global furniture market.

Balance sheet breakdown for FY2023 and FY2022.

Our financial position	Audited	Audited	Variance	
	31.12.2023	31.12.2022	RM'000	%
Non-current assets	55,586	54,733	853	1.56
Current assets	164,817	76,212	88,605	116.26
Non-current liabilities	29,116	40,998	(11,882)	(28.98)
Current liabilities	90,468	43,597	46,871	107.51
Equity attributable to owners of the Company	100,819	46,350	54,469	117.52

Non-current assets which comprised mainly property, plant and equipment and right-of-use assets, increased by RM0.9 million to RM55.6 million, representing a 1.65% growth. Current assets surged by RM88.6 million to RM164.8 million, an increase of 116.27%. Current assets consist mainly of cash and cash equivalent, trade and other receivables, inventories and others. The higher current assets were attributable to higher inventory balances in-line with higher B2C sales, higher trade receivables balance due to higher sales towards the year end as well as higher cash and bank balances as a result of the IPO exercise.

Non-current liabilities decreased by RM11.9 million to RM29.1 million, reflecting a decline of 29.02% mainly due to the full settlement of one term loan by utilising the IPO proceeds. Current liabilities rose by RM46.9 million to RM90.5 million due to higher trade payables and bank borrowings balances as at the financial year ended 31 December 2023.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONT'D)

### REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Equity attributable to owners of the Company surged by RM54.4 million to RM100.8 million mainly due an increase in share capital post the IPO exercise and profit after tax generated during the financial year under review.

*Liquidity, capital resources and gearing.*

Our cash flow from/(used in)	Audited 31.12.2023	Audited 31.12.2022	Variance	
	RM'000	RM'000	RM'000	%
Operating activities	(5,502)	19,535	(25,037)	(128.16)
Investing activities	(2,604)	(9,415)	6,811	(72.34)
Financing activities	27,092	(8,829)	35,921	(406.85)
Net changes in cash and cash equivalents	34,766	16,800	17,966	106.94

As at 31 December 2023, our cash and cash equivalents including short-term investments reported a substantial increase of RM19.3 million. The Group's cash holdings comprise of the following:

- Cash and bank balances decreased by RM1.2 million to RM13.5 million as at 31 December 2023, when compared to RM14.7 million as at 31 December 2022;
- Fixed deposits with licensed banks decreased by RM0.8 million to RM11.9 million as at 31 December 2023, when compared to RM12.7 million as at 31 December 2022;
- Short-term investments as at 31 December 2023 of RM21.3 million as compared to nil as at 31 December 2022.

The profit before tax reported in FYE 2023 of RM37.6 million contributed to a positive cash flow before working capital changes of RM45.7 million. However, the Group reported a negative net cash for operating activities due to changes in working capital as summarized below:

- Higher trade receivables balances as at 31 December 2023 of RM63.5 million as compared to RM15.4 million as at 31 December 2022. This is mainly due to higher contribution of B2C sales towards the end of FYE 2023 as compared to previous financial year. These sales remains as receivables towards the year end due to the credit term hence recording higher trade receivables balances on FY2023.
- Higher inventories balances as at 31 December 2023 of RM48.6 million as compared to RM26.9 million as at 31 December 2022. The higher inventories balances is catered for the higher B2C sales of the Group as evidenced by the growth in B2C sales of 145.36% from the previous financial year FYE 2022 whereby the B2C segment requires the Group to hold more inventories.
- The above were offset by higher trade and other payables balances of RM44.0 million as at 31 December 2023 as compared to RM16.4 million as at 31 December 2022.

The Group reported net cash used for investing activities for FYE 2023 due to purchase of property, plant and equipment of RM1.8 million as well as deposits paid for purchase of property, plant and equipment of RM0.8 million.

Meanwhile, the Group reported net cash from financing activities mainly due to the net proceeds from the IPO exercise of RM33.0 million which is offset by the interest paid of RM3.6 million and dividend paid during FYE 2023 of RM0.7 million.

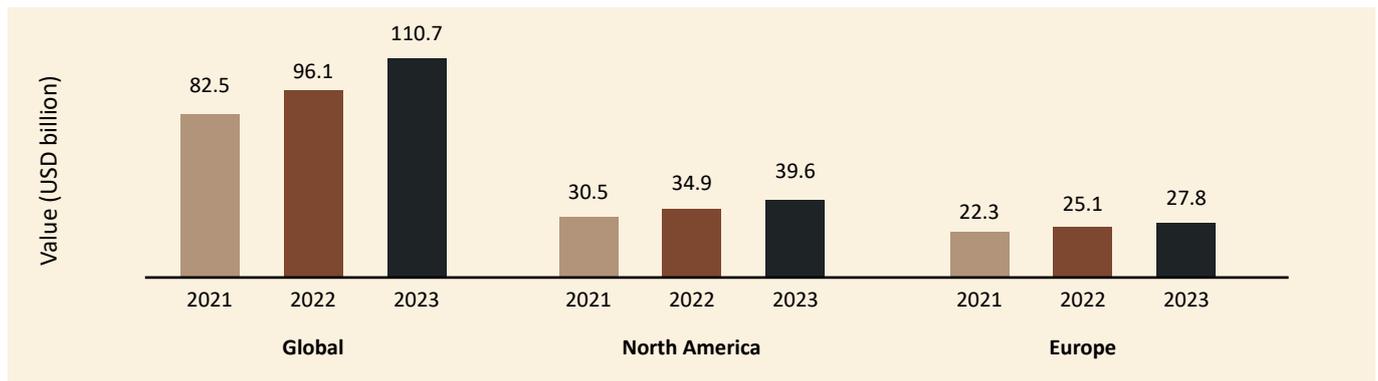
The gearing of the Group stood at a healthy level of 0.6 as at 31 December 2023 as compared to 1.38 as at 31 December 2022 due to improved capital structure as well as higher retained earnings.

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONT'D)

### 2024 OUTLOOK

Malaysia’s economic landscape appears promising, with GDP growth anticipated to hover around 4%-5% YoY. This projection aligns with the expectation that Bank Negara Malaysia (BNM) will maintain its policy rate steady at 3.00%<sup>6</sup>, providing a stable monetary environment. The balance of payments is expected to be bolstered by heightened exports in the electrical and electronic sectors, coupled with the sustained elevation of commodity prices.

#### Global furniture e-commerce sales (2021 - 2023)



According to the report by QY Research, global furniture e-commerce sales increased to USD 110.7 billion from USD 96.1 billion in 2022, signaling a 15.19% growth on a year-on-year basis. North America, despite external headwinds, closed with USD 39.6 billion, Europe ended with USD 27.8 billion in total size, and Asia-Pacific has USD 38.0 billion in total size in 2023, representing strong growth from historical years.<sup>7</sup>

The Malaysian furniture market is poised for continued growth, building on its strong global presence as one of the top furniture exporting countries. With exports reaching 174 countries and Malaysia holding the 12th position globally in furniture exports, accounting for 1.46% of the global share, the industry’s upward trajectory is evident. The compounded annual growth rate (“CAGR”) of 7.63% in furniture exports from 2019 to 2022, and a similar trend in wood-based home furniture exports, highlight Malaysia’s increasing influence in the international market. This growth has been spurred by global shifts such as the US-China trade war and the surge in e-commerce sales during the COVID-19 pandemic. Looking ahead to 2024, the global demand for furniture, supported by economic recovery, urbanisation, and the rising popularity of e-commerce, is expected to benefit Malaysian exporters significantly. Forecasts suggest a robust CAGR of 4.07% in Malaysia’s furniture exports, reaching RM15.0 billion, and a 4.79% growth in wood-based home furniture exports, culminating at RM11.8 billion.<sup>8</sup> This anticipated expansion underscores the industry’s adaptability and readiness to leverage global demand, reinforcing Malaysia’s position in the global furniture export industry.

As we look towards 2024, Synergy House is poised to further solidify its position in the cross-border B2C e-commerce market, particularly in the United States and Europe. These regions, recognised for their advanced e-commerce infrastructure and tech-savvy consumer base, large population with higher purchasing power, present significant opportunities for growth. The successful IPO, which raised a substantial capital, positions us well to continue investing in our company’s success and expansion. With plans to introduce more B2C SKUs by the end of 2024 and to commence B2C sales in France, we’re targeting new platforms and diversifying our product range with the addition of kids’ furniture and bathroom vanity furniture amongst others. This strategic expansion, supported by the IPO funds, aims to meet the evolving demands of the global market and enhance our competitive edge, ensuring sustained growth and success in the dynamic e-commerce landscape.

<sup>6</sup> <https://www.fsmone.com.my/funds/research/article-details/284820>

<sup>7</sup> Section-Global Furniture E-commerce Market Report

<sup>8</sup> Synergy House Prospectus, IMR Report

## MANAGEMENT DISCUSSION & ANALYSIS STATEMENT (CONT'D)

### ANTICIPATED OR KNOWN RISKS

In the dynamic realm of the furniture e-commerce market, Synergy House recognises several anticipated or known risks that could potentially impact our strategic objectives and operational efficiency. Among these, the dependency on third-party manufacturers stands out as a significant concern. This reliance brings to the forefront challenges associated with maintaining uniform quality standards across our product range and the risk of encountering production delays. Such delays could hinder our ability to meet market demand promptly, affecting customer satisfaction and our brand reputation. To mitigate these risks, we have instituted stringent processes with our manufacturing partners, emphasising the adherence to detailed design blueprints and material specifications as well as mobilising our internal quality control team to perform checks on finished products. This approach ensures that our quality control benchmarks are met consistently, and production timelines are closely monitored and adhered to. Furthermore, the Company has worked with a number of third-party manufacturers with years of established relationship which enables the Company to better manage the risk relating to reliance on third-party manufacturers.

Besides that, the fluctuations in foreign exchange rates, particularly those concerning the US Dollar, present a notable risk to our revenue streams as a global e-commerce entity. While an appreciation of the US Dollar could potentially augment our revenue, it also poses a risk by impacting our cost structures and pricing strategies in various markets. In response to this challenge, Synergy House is strategically expanding its market presence, thereby diversifying the currencies in which transactions are conducted. This diversification strategy, coupled with the implementation of hedging strategies and diligent monitoring of foreign exchange markets, aims to minimise the adverse impacts of currency fluctuations on our financial health.

In the dynamic landscape of our B2C segment, managing inventory with precision is paramount to sidestep the challenges of overstocking or harbouring obsolete stock. In light of this, we have embraced technological measures to refine our inventory management processes. These innovations afford us improved visibility into our inventory, enhance our demand forecasting accuracy, and enable the fine-tuning of stock levels. This strategic integration of technology not only aids in mitigating inventory-related risks but also ensures our offerings remain in sync with the latest market trends and consumer inclinations. As a forward-thinking organisation, we are continually in pursuit of improvement, constantly evaluating and upgrading our systems to stay at the forefront of inventory management efficiency.

Addressing these anticipated risks through proactive measures, continuous improvements and strategic planning is integral to sustaining Synergy House's growth trajectory. Our commitment to innovation, quality control, and market responsiveness positions us well to navigate the complexities of the global e-commerce landscape, ensuring long-term value creation for our stakeholders and maintaining our competitive edge in the furniture industry.

### FORWARD LOOKING STATEMENT

As Synergy House concludes another year of operation, we stand at the forefront of a dynamic and rapidly evolving global furniture e-commerce market. With sales in the sector experiencing significant growth from USD 82.5 billion in 2021 to an estimated USD 110.7 billion in 2023<sup>9</sup> we are poised to leverage these market trends to our advantage, underpinned by our strategic initiatives and unwavering commitment to growth and innovation.

Our focus remains steadfast on amplifying our B2C sales segment. In the coming fiscal year, we aim to broaden our customer base by embracing a multi-faceted approach: enhancing our visibility on additional third-party e-commerce platforms, intensifying our marketing and promotional endeavours, and establishing localised e-commerce fulfilment centres to streamline our supply chain and ensure prompt delivery. Additionally, we are set to augment our inventory management for overseas fulfilment centres, harnessing cutting-edge technology and artificial intelligence to obtain real-time market insights, thereby elevating our operational efficiency and responsiveness to market demands.

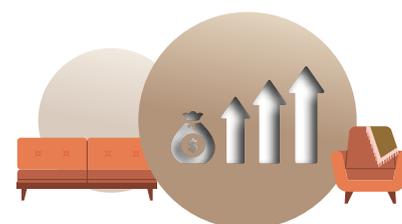
Focused on excellence and market leadership, we are diversifying our product range through innovative design and development. Despite economic challenges, our competitive pricing and high-quality products position us for resilience. With a strong presence in key international markets like the USA, UK, Canada, and Germany, we are poised for sustained growth. Looking ahead, our strategic initiatives align with the dynamic global furniture e-commerce landscape, ensuring Synergy House Berhad stays innovative and customer-focused. Committed to delivering value, we are building on a solid foundation for the future.

### DIVIDEND

Synergy House is proud to announce the declaration and payment of dividends for FY2023, reflecting

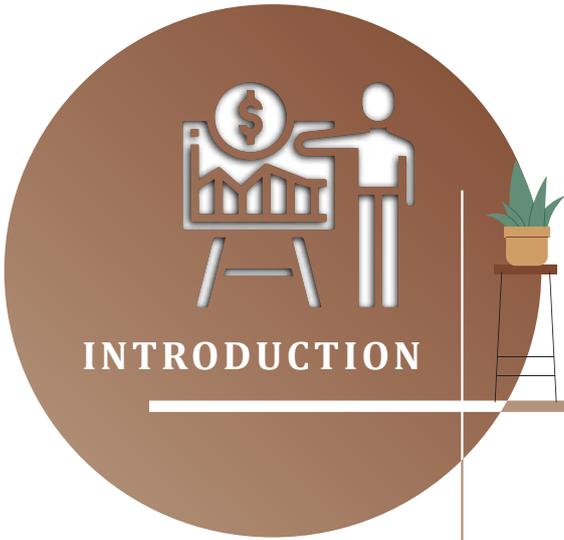
our strong financial performance and dedication to shareholder value. The first interim dividend of 1 cent per share was declared on 28 December 2023, signifying confidence in our growth and strategic direction. A subsequent dividend of 0.6 cent per share followed on 27 February 2024, further demonstrating our commitment to shareholder returns and confidence in the Group's prospects.

Our approach to dividends, guided by careful consideration of our financial health, operational requirements, and growth investments, highlights our commitment to sustainable development and balanced capital management. This resilience and strategic foresight, even in challenging economic conditions, underscores our ongoing commitment in delivering value to our shareholders.



<sup>9</sup> Section-Global Furniture E-commerce Market Report

# SUSTAINABILITY STATEMENT



The Board of Synergy House Berhad (“Synergy House”) is pleased to present our Sustainability statement (“Statement”) for the financial year ended 31 December 2023 (“FY2023”). This statement highlights Synergy’s activities, practices and achievements of its sustainable development and social responsibility in the economic, environmental and social (“EES”) areas for FY2023.

## SCOPE

This statement covers sustainability performance of the Company and its subsidiaries (“Group”) for the period from 1 January 2023 to 31 December 2023.

## COMMITMENT TO SUSTAINABILITY

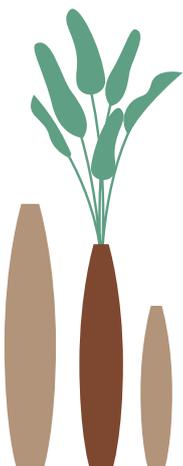
We understand the importance of sustainability and remain committed to ensuring our business activities are performed with high standards of social, environmental and governance conduct for long term value creation.

The Board places great importance on sustainability as a core value and prioritise the interests of stakeholders while being mindful of Synerg House’s environmental impact. We are dedicated to integrate the requirements of economic, environmental and social (“EES”) across our operations and to consistently promote sustainable practices in all layers of our operations.



## GOVERNANCE STRUCTURE

The Board sets out the overall structure for the sustainability compliance and performance :



## SUSTAINABILITY STATEMENT (CONT'D)

### STAKEHOLDER ENGAGEMENT

Stakeholders	Areas of interest	Engagement Channels
 Shareholders / Investors	Business and financial performance Corporate governance Return on investment Information on a timely basis	AGM & EGM Quarterly financial announcement Annual report Timely announcements in Bursa Securities website Company website Corporate briefings
 Board of Directors	Corporate strategy Corporate governance Financial results	Board meetings
 Customers	Quality of products Timeliness of delivery Customer service & support	Customer survey Customer meeting Response to customer feedback and reviews Customer support team
 Suppliers	Good business relationship Product quality Prompt payment	Supplier review Supplier meeting New supplier evaluation
 Employees	Job satisfaction Adequate remuneration Growth and development	Employee induction briefing Performance appraisal Training and development Employee engagement activities
 Government and authorities	Compliance of law and regulations	Compliance with government legislative

## ECONOMIC



At Synergy House, we understand the interconnectedness of economic prosperity with environmental and social sustainability. We are committed to fostering long-term economic value while minimizing negative impacts on environment and society. We view the economic sustainability as how the Group will be sustaining its revenue and profit growth and preserve the shareholder's value. In view of this, the Group has consistently taken proactive measures as per below:

### 1. Continuously expand its B2C business segment

In view that purchasing via e-commerce has gained momentum post Covid-19 pandemic and the upward trend continues, the Group has taken various measures to grow the B2C business segment such as onboarding to new platforms, explore new countries and increase the product offerings. Presently, the Group is operating via 11 e-commerce platforms spread across 5 countries. The Group believes that operating in more e-commerce platforms and countries will widen the outreach of its products to the evergrowing furniture e-commerce market.

### 2. Utilising of technology and artificial intelligence in its operations

The Group places a strong focus on technology, artificial intelligence and fostering innovation to enhance all facets of its key operations. With the emphasize on investment in information technology and human capital, the Group is able to improve the operational efficiency and effectiveness. Technology is used largely in our marketing

activities such as market trend analysis, customer service and support, advertisement and monitoring and preparation of product description amongst others.

### 3. Maintaining the B2B business segment

While the Group's direction is to continuously grow the B2C business segment, the Group still places emphasis on its B2B business segment. The Group has built years of relationship with its long term B2B segment customers and will continue to nurture this relationship and will work on opportunities to grow the business.

#### Supplier compliance:

Another key aspect Synergy House's business model is the importance of the third party manufacturers. As the Group does not carry out any manufacturing works and totally outsources the manufacturing to third party, the third party manufacturers are an important part of its economic sustainability. The social responsibility of our suppliers is of paramount importance to us. Each year, the Group conducts SMETA audits on our key suppliers to ensure that their labor workforce is managed in a socially responsible manner. These audits cover various aspects such as working hours, child labor policies, living wages and benefits, and living conditions. Given that the Group outsources all of its manufacturing activities to third-party manufacturers, the sustainability and ethical practices of our suppliers are integral to our success. We work closely with 42 third-party manufacturers, with 31 being local and 11 international, to produce our RTA home furniture. In the financial year ended 31 December 2023, approximately 93% of our total purchases were sourced locally, underscoring our commitment to supporting local suppliers and economies.

## SUSTAINABILITY STATEMENT (CONT'D)

### ENVIRONMENT



The Group is deeply committed to environmental sustainability, and our use of wood panel products such as particle boards and medium-density fibreboards as a primary raw material underscores our dedication to responsible sourcing and eco-conscious practices. In essence, these raw materials used in the production of our RTA home furnitures are generally made from wood scraps or waste wood products which are more eco-friendly.

#### Responsible Sourcing:

We partner with suppliers who share our commitment to responsible forestry practices and promote for the suppliers to obtain certification standards such as Forest Stewardship Council ("FSC"). The Group itself also has the FSC certification to promote confidence from our customers on our responsible sourcing.

#### Product Innovation and Lifecycle Management:

Our commitment extends beyond the production phase. We continually innovate and explore new methods to enhance the durability, recyclability, and eco-friendliness of chipboard-based products. We also emphasize these during our design & development stage where we focus on optimising the use of packaging materials such as foam and paper to reduce wastage while ensuring the products still meets the relevant requirements.

We also work with customers to achieve eco-friendly products where we develop and test with one customer currently on a pilot project to remove polyfoams from the packaging materials and sources for eco-friendly substitute material for polyfoam without compromising the overall product.

#### Relevant standards

In addition, the Group also ensures it complies with the necessary requirements imposed by countries it exports to. For instance, our products shipped to the United States of America complied with the California Air Resources Board 2 requirements on formaldehyde contents which reduces the chemical concentration in our products, making it safer and more environmentally friendly.

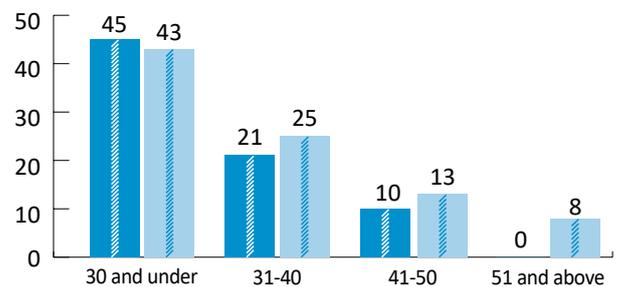
At the Group, as wood panel products serves as our key raw material, we are dedicated to leveraging this resource responsibly, ensuring that our operations not only meet industry standards but set a benchmark for sustainable practices within our industry.

### SOCIAL

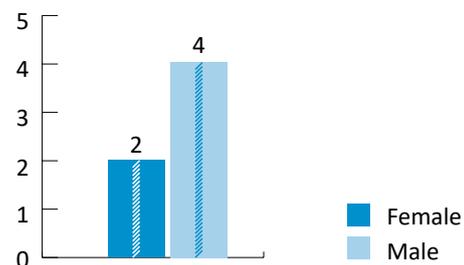


Human capital is essential for the Group to achieve success in its line of business. Hence, emphasis is heavily placed on growing and developing the workforce of the Group. As at 31 December 2023, the total number of employees of the Group stood at 165.

#### a. Gender diversity



#### b. Gender diversity at the Board of Directors level



At the Group, we recognise that sustainability goes beyond environmental stewardship; it encompasses our responsibility towards fostering thriving communities, nurturing diverse cultures, and prioritizing the well-being of individuals. We are committed to upholding a social sustainability ethos that centers on empowering people and honoring diverse cultures.

#### Empowering People:

Our commitment begins with our people. We strive to create a workplace that values diversity, equality, and inclusivity. We foster an environment where every individual feels respected, supported, and empowered to contribute their unique perspectives and talents. Through initiatives such as company activities on a frequent basis, sponsored weekly sporting events, we aim to enhance professional development, ensure fair opportunities, and promote a healthy work-life balance for all as well as foster stronger teamwork and relationship among the staff.

## SUSTAINABILITY STATEMENT (CONT'D)

In addition, the Group also encourages professional development and supports trainings covering technical, interpersonal and market updates for its staff. Among the trainings organised and supported by the Group:

### List of training organised for staff

No.	Training name
1.	Core Leadership: Dale Carnegie Course
2.	Fire Drill & Evacuation Training
3.	Warehouse Safety : Forklift & Manual Handling
4.	AIA Insurance briefing : Employee Benefits
5.	Executive Thrive ; Ignite Your Leadership Impact
6.	Malaysian Institute of Accountants training
7.	Malaysian Institute of Arts tour with Synergy House
8.	The Vitrox Experience
9.	Fundamentals of ESG

### Community Investment:

We recognize the importance of actively engaging with the community. In the reviewed Financial Year, the Group undertook a corporate social responsibility initiative at Pertubuhan Rumah Anak Yatim Berkat Kasih. Representatives from our Group spent half a day with the orphans, providing refreshments, organizing a spring cleaning of the premises, and participating in a dialogue session to better understand the orphanage center’s needs. Additionally, the Group made a direct donation aimed at benefiting the orphanage.

### Continuous Improvement:

We understand that our commitment to social sustainability is an ongoing journey. We are dedicated to continuous improvement, regularly reviewing our practices, engaging stakeholders, and seeking innovative solutions that further enhance the social fabric of our organization and the communities we impact.

We are driven by a vision where sustainability is synonymous with a thriving society. By prioritising the well-being of people within and outside of the Group, we strive to make a meaningful, lasting impact for generations to come.



## GOVERNANCE

The Group’s commitment to sustainability extends to our governance practices, guiding our decisions, operations, and interactions with stakeholders. We recognise the critical importance of robust governance in driving responsible business conduct, ethical decision-making, and long-term value creation.

We have established key policies on governance such as key internal controls policy, whistleblowing policy and anti-corruption policy which are incorporated into the Group’s working culture to ensure sustainability. These policies are available on the Group’s website ([www.synergyhouseberhad.com](http://www.synergyhouseberhad.com)) and also embedded in the employee onboarding process.

The Group also makes available its whistleblowing policy and contact for reporting in its website. Furthermore, the Group also includes this in its corporate presentation briefings which creates awareness to the public on its governance practises.



## CONCLUSION

The Group is committed to ensure our operations are inline with the EES best practices. We are taking steps to further implement sustainable practices in our operations and to ensure our business operations comply with the applicable laws and regulations. We will also continuously review our operations and practices to ensure compliance and in-line the latest EES best practices.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Synergy House Berhad (“Company”) recognises the importance of establishing and maintaining good corporate governance within Synergy House Berhad and its subsidiary Companies (“Group”) and is committed to such a mission.

Below is the Company’s Corporate Governance overview statement of the Company’s approach with respect to the Principles and Practices of the Malaysian Code on Corporate Governance (“the Code”) and the ACE Market Listing Requirements (“AMLR” or “Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The detailed application of each practice as set out in the Code is disclosed in the Corporate Governance Report, announced together with this Annual Report to Bursa Securities, and is available on the Company’s website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### 1. Board Responsibilities

##### Clear Functions of the Board and Management

The Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of its shareholders’ value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

All Board Committees have written terms of reference which are approved by the Board and can be found on the Company’s website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com). The Chairman of the Audit Committee (“AC”), Risk Management Committee (“RMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) report to the Board subsequent to the respective committee meetings.

The Executive Directors are responsible for the day-to-day operations of the Company’s business and shall implement policies, strategies and decisions approved by the Board and shall be accountable for the management functions of the Company and/or Group and for the results and performance, including conduct and disciplines, which would include leadership by example.

The Independent Directors act independently of the management and do not participate in any day-to-day operations. They provide an effective check and balance and provide valuable independent assessment to the Board’s decision making process.

##### Clear Roles and Responsibilities

The Board has the overall responsibility for the long-term success of the Company and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and responsibilities, the Board assumed the following corporate governance guidelines:-

- together with management, promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- reviewing and setting a strategic plan for the Group to ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- reviewing, challenging and deciding on management’s proposals for the Group, and monitoring its implementation by management;
- overseeing the conduct of the Group’s business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of the Group;
- identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 1. Board Responsibilities (Cont'd)

##### Clear Roles and Responsibilities (Cont'd)

- reviewing the information and risk management and internal control system and the effectiveness of the management;
- ensuring there is an orderly succession of senior management positions who are of high calibre and have the necessary skills and experience. The Board delegates to the NC and RC to review succession plans and remuneration packages for the Directors respectively as well as the Group's policies and procedures on remuneration for the consultants who are employees of the Group. The Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
- developing and implementing an investor relations programme or shareholders' communications policy for the Group to enable effective communication with stakeholders;
- reviewing and approving the AC, RMC, NC and RC reports at the end of each financial year;
- undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual director;
- ensuring the integrity of the Company's financial and non-financial reporting; and
- reviewing and approving the financial statements and the Company's annual report.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and investment, consideration of significant financial matters and the review of the financial and operating performance of the Group. The schedule ensures that the governance of the Group is firmly in the Board's hand.

##### Formalised Ethical Standards through Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics which includes principles in relation to conflicts of interests, integrity, professionalism and the use of confidential information. The Board's Code of Conduct and Ethics is provided in the Board Charter, which is available on the Company's website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical, responsible and transparent manner. To facilitate the observation and application of the above values, the Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance with regulatory requirements and other malpractices or misconducts.

The Group encourages employees who are facing conflicts to discuss accordingly with their superior to solve the matter in a peaceful manner. The Executive Directors are always available to be contacted by any employees with regards to matters such as corrupt practices, unethical behavior, misuse of company assets or any incompliance with rules and regulations.

The Group has an official policy on whistle-blowing both internal staff and external contractors/suppliers are able to submit report anonymously of any wrong doings or breach. Reports can be submitted via emails and phone numbers stated in the policy and confidentiality are assured. The whistle-blowing reports can be directed to the Group via a dedicated email, which will be redirected to the Audit Committee and Executive Directors. This policy is published on the Company's website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 1. Board Responsibilities (Cont'd)

##### Access to Information and Advice

Management has been invited to the Board and Board Committees' meetings to report or present on areas within their responsibilities to ensure the members were able to effectively discharge their responsibilities. All Directors also have full and free access to information within the Group, as well as the prerogative to seek the Company Secretaries' and independent professional advice, in furtherance of their duties, at the expense of the Group, should such advisory services be considered necessary.

##### Qualified and Competent Company Secretary

Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on the Code.

The Company Secretary also undertakes the following functions, among others:

- i. advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
- ii. advise the Directors of their duties and responsibilities;
- iii. advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
- iv. prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
- v. attending all Board and Board Committees meetings and to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolution passes are made and maintained accordingly.

The Company Secretaries are suitably qualified and have attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates.

##### Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the role and responsibilities of the Board. The details of the Board Charter are available for reference at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 15 June 2022 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

#### 2. Compositions, Independence and Diversity of the Board

##### Composition of the Board

The Board currently has six (6) members; comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors.

The concept of independence adopted by the Board is in tandem with the definition of an independent director as stated in Rule 1.01 of the AMLR of Bursa Securities. The key element for fulfilling the criteria is the appointment of an independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Company is in compliance with Rule 15.02 of the AMLR of Bursa Securities that two directors or one-third (1/3) of the Board, whichever is the higher, are independent Directors. If the number of directors of the listed issuer is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 2. Compositions, Independence and Diversity of the Board (Cont'd)

##### Composition of the Board (Cont'd)

The Directors with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors provide objective and independent judgement to decision making and serve as a capable check and balance for the Executive Directors. The brief profile of each Director is presented on pages 4 to 7 of the Annual Report.

The current composition of the Board meets the best practice of The Code where it states that at least half of the board comprises Independent Directors. There are altogether four (4) Independent Non-Executive Directors of total six (6) members in the Board. The four (4) Independent Non-Executive Directors are not considered employees, and there are no affiliations or situations that may influence, or give the appearance of influencing, their impartial judgement. They contribute an external viewpoint, actively question, and contribute to the refinement of strategic proposals. Additionally, they oversee Management's performance in achieving established objectives, and they closely monitor the Group's business risk profile and the accuracy of business performance reporting.

##### Tenure of Independent Directors

The Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval through a two-tier voting process in accordance with the practices of the Code in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

#### 3. Board Committees

##### Nomination Committee ("NC")

The NC assists the Board in proposing new nominees for appointment to the Board of the Company, assessing the effectiveness of Directors on an ongoing basis, and reviews the effectiveness of the Executive Directors. The NC also reviews and recommends training and orientation needs/requirements for each individual Director and ensures the same are fulfilled accordingly.

The NC is appointed by the Board and consists entirely of Independent Non-Executive Directors. It comprises the following members:-

- i. Lieu Pei Yee - *Chairperson, Independent Non-Executive Director*
- ii. Yew Yong Ling - *Member, Independent Non-Executive Director*
- iii. Yong Kim Fui - *Member, Independent Non-Executive Director*

Among others, the duties and responsibilities of the NC are as follows:-

- i. To assess and review the size, composition, mix of skills and experience, and diversity (including gender diversity) of the Board and Board Committee, and recommend to the Board for approval;
- ii. Identify, consider and recommend to the Board suitable candidates for appointment as Directors when the need arises.
- iii. Assess annually the effectiveness of the Board as a whole, Board Committees, and the contribution of each individual Director including his/her character, competence, experience and time commitment; and
- iv. Review and recommend to the Board, the development and implementation of the relevant policies and procedures on nomination related matters concerning our Group.

Members of the NC may relinquish their membership in the NC with prior written notice to the Company Secretaries, and in which case, the NC will review and recommend to the Board for approval, another Director to fill the vacancy.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. Board Committees (Cont'd)

##### Nomination Committee ("NC") (Cont'd)

The Term of Reference of the NC is included in the Board Charter and available on the Company's website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

The NC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The NC is also authorised to seek independent professional advice, subject to the approval of the Board, at the expense of the Company, in carrying out its duties. However, the NC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

The NC will meet at any time when the need arises. The presence of the majority of the Independent Non-Executive Directors shall form the quorum of the meeting.

##### Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

#### a. Recruitment or New Appointment of Directors

The NC recommends to the Board, candidates for all directorships and to review the Board's policies and procedures for the selection of Board members. In making the recommendations, the NC should also consider candidates proposed by the Chairman/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. In making its recommendations, the NC shall assess and consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his/her role as a director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity, ethnicity diversity, age group diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Board has implemented Director Fit and Proper Policy for the selection and re-election of Directors for Group. This policy is designed to guarantee that Directors possess the requisite qualities, competencies, and integrity essential for effectively fulfilling their roles.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC will ensure that a formal orientation program is in place for future new recruits to the Board.

#### b. Gender, Ethnicity and Age Group Diversity Policy

The Board noted the Code recommended the establishment of boardroom gender diversity and company to take steps to ensure that women candidates are sought in its recruitment exercise for both board and senior management positions. The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and senior management level. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board and senior management level, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board and senior management level. The Group currently has two (2) female members on the Board, representing 30% of the total Board Members.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. Board Committees (Cont'd)

##### Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

###### c. Annual Assessment

The NC had on 17 April 2024 reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the Directors eligible for re-election.

Self and peer evaluations had been conducted by each Individual Director and Independent Director and a summary of the evaluations was furnished to the NC prior to the NC meeting. The evaluations of the Board Committees, Independent Directors and the individual Directors produced positive results on the performance of the Board and each director.

###### Remuneration Committee ("RC")

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programs with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities.

The RC shall be appointed by the Board and should only consist of non-executive directors and a majority of them must be independent directors as recommended by the Code. The members of the RC during the financial year are:-

- i. Yew Yong Ling - *Chairperson, Independent Non-Executive Director*
- ii. Yong Kim Fui - *Member, Independent Non-Executive Director*
- iii. Lieu Pei Yee - *Member, Independent Non-Executive Director*

There was one (1) remuneration meeting held during the financial year with full attendance from all the members of the Remuneration Committee.

The remuneration package of each individual Executive Director and Senior Management is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors is in the form of annual fees and reflects the experience and the level of responsibilities undertaken by the Non-Executive Director concerned.

The RC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The RC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

Directors who are shareholders should abstain from voting at general meetings to approve their fees and/or benefits. Similarly, Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package which comprise monthly salary, bonuses, benefits-in-kind and other benefits. In the event where the Chairman's remuneration is to be decided, he shall abstain from discussion and voting. The remuneration and entitlements of Non-Executive Directors should be endorsed by the Board for approval by the shareholders at general meeting. The individuals concerned should abstain from discussions pertaining to their own remuneration.

The activities of the RC are developed from year to year by the Committee in consultation with the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. Board Committees (Cont'd)

##### Directors' Remuneration and benefits

The details of the Directors' remuneration and benefits received and receivable by Executive and Non-Executive Directors during the financial year under review is as follows:

	Salary (RM'000)	Bonus (RM'000)	Benefits In-Kind (RM'000)	Fee (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
<b>Executive Directors</b>						
Tan Eu Tah	510	210	8.8	-	88.9	817.7
Teh Yee Luen	510	210	6.5	-	88.9	815.4
<b>Non-Executive Directors</b>						
Mok Juan Chek	-	-	-	72	-	72
Yew Yong Ling	-	-	-	60	-	60
Lieu Pei Yee	-	-	-	60	-	60
Yong Kim Fui	-	-	-	60	-	60

##### Key Management Personnel's remuneration and benefits

The remuneration and benefits received and receivable by Key Management Personnel's during the financial year under review in bands of RM50,000 is as follows:

Name	Position	Remuneration (RM'000)
Ng Boon Kean Kenneth	Chief Financial Officer	350 - 400
Tan Yee Chi	Marketing Director	350 - 400

##### Board meetings

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on four (4) occasions; where it deliberated on matters such as the Group's financial results, major investments and strategic decisions, its business plan, corporate finance and developments and the strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules.

The record of the Directors' attendance at Board Meeting for the financial year ended 31 December 2023 is contained in the table below:

No	Director	Board Attendance
1	Mok Juan Chek - <i>Independent Non-Executive Director (Chairman)</i>	4/4
2	Tan Eu Tah - <i>Executive Director</i>	4/4
3	Teh Yee Luen - <i>Executive Director</i>	4/4
4	Yew Yong Ling - <i>Independent Non-Executive Director</i>	4/4
5	Lieu Pei Yee - <i>Independent Non-Executive Director</i>	4/4
6	Yong Kim Fui - <i>Independent Non-Executive Director</i>	4/4

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

#### 3. Board Committees (Cont'd)

##### Directors' Training

The Directors attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as Directors of the Company. The Directors kept themselves updated with the changes in the business and regulations through sharing and discussion in official Board meetings and unofficially through small group discussions among the Directors. In addition to the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities, Board members are also encouraged to attend training programs which are relevant to the Company's operations and business.

The following training programmes were attended by the Directors during the FYE 2023:

Name of Director	Courses / Training Programmes Attended
Mok Juan Chek	Post Budget Talk 2023 by AmInvestment Bank Crisis Management - A guide for Board members by ICDM A dialogue with Bursa Malaysia - FTSE4Good Rating Investment Opportunities in 2H2023 RHB Small Cap Top 20 Jewels Macro Economic Outlook 2H2023 - Navigating high inflation and interest ESG Training for Directors and Senior Management Advocacy Session for Directors & CEOs of Main Market Listed Issuers Asia Pacific Opportunities Mandatory Accreditation Programme Part II Navigating the risky tide of Financial Crime & Technology Anti Bribery & Anti Corruption in relation to Section 17A, MACC Act 2009 Corruption Risk Assessment Workshop Global Economic Outlook for 2024 Fundamentals of ESG
Tan Eu Tah	Fundamentals of ESG
Teh Yee Luen	Fundamentals of ESG
Yew Yong Ling	Fundamentals of ESG Mandatory Accreditation Programme Part II
Lieu Pei Yee	Fundamentals of ESG Mandatory Accreditation Programme Part II
Yong Kim Fui	MIA Webinar Series: Business Continuity Management - Preparing for Unexpected and Disruptive Incidents MIA International Accountants Conference 2023 Sustainability Report Awareness Sustainability Report - Sustainable Development Goals (SDGs) Integrated Reporting & GRI

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 1. Audit Committee ("AC")

The Audit Committee was established by the Board to support its oversight of the financial reporting process and to monitor the accuracy and integrity of the Group's annual and quarterly financial statements. Additionally, the AC evaluates the performance of both external and internal audits to ensure the efficiency and effectiveness of the Group's operations. It assesses the adequacy of internal control systems, compliance with established policies and procedures, transparency in decision-making processes, and the accountability of financial and management information.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

#### 1. Audit Committee ("AC") (Cont'd)

The present members of the Audit Committee are:

- i. Yong Kim Fui - *Chairman, Independent Non-Executive Director*
- ii. Yew Yong Ling - *Member, Independent Non-Executive Director*
- iii. Lieu Pei Yee - *Member, Independent Non-Executive Director*

The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors of which the terms of reference was approved by the Board and a copy of the terms of reference can be found in the Board Charter which is available on the Company website at [www.synergyhouseberhad.com/](http://www.synergyhouseberhad.com/). To ensure the overall effectiveness and independence of the AC, the positions of the Chairman of the Board and Chairman of the AC are held by different persons.

The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements. A Statement by the Board of its responsibilities (Directors' Responsibility Statement) in respect of the preparation of the annual audited financial statements is set out on page 37 of this Annual Report.

Through the annual audited financial statements, the quarterly financial results as well as the Chairman's statement and review of operations in the Annual Report, the Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects.

The AC oversees and appraises the quality of the audits conducted by the Company's external auditors; maintain open lines of communication between the Board and external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assess the adequacy of the risk management systems and internal control environment as well as the financial reporting systems based on audit feedback from the external auditors. The representatives of Messrs Crowe Malaysia PLT were invited to the AC meetings to present annual audit findings for the respective reporting period specifically on financial matters and the integrity of systems that relate to financial aspects of the Company from time to time.

#### 2. Risk Management and Internal Control

The Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through meeting held during the financial year. Kindly refer to pages 30 to 33 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

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

#### 1. Communication with Stakeholders

The Board acknowledges the importance of accountability and timely communications with its shareholders and stakeholders and recognizes their rights to be well informed on the activities and performance of the Group and to make their own evaluation and investment decision. The Board would ensure compliance with the disclosure requirements as set out in the AMLR of Bursa Securities at all time. The Annual Report and announcements in Bursa Securities remains the principal form of communication by providing shareholders and stakeholders with an overview of the Group's activities and performances. All information to shareholders is available electronically as soon as it is announced or published. Other modes of communications are via the Annual General Meeting as well as the Group's website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com/).

#### 2. Conduct of General Meeting

The Annual General Meeting ("AGM") and any other general meeting are the principal forum for dialogue with the shareholders and investors. In 2024, second (2<sup>nd</sup>) AGM will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting facilities via TIIH Online website from the broadcast venue at Tricor Business Centre, Manuka 2, 3 and 5, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on 28 May 2024 to provide an opportunity for shareholders to participate remotely at the AGM and pose relevant questions to the Chairman and the Board via real time submission of typed texts.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Internal Control Guidance”), the Board is pleased to report the Statement on Risk Management and Internal Control, which outline the nature and scope of the risk management and internal control of Synergy House Berhad (“Company”) and its subsidiaries (“Group”) for the financial year ended 31 December 2023 (“FYE 2023”).

## BOARD RESPONSIBILITY

The Board acknowledges its overarching responsibility for ensuring the adequacy and effectiveness of the Group’s risk management and internal control system, which encompasses financial, operational, and regulatory compliance aspects. This involves establishing a suitable framework for risk management and internal control to identify, assess, and mitigate risks that could hinder the attainment of business objectives and strategies. The Board also commits to regularly review the sufficiency and effectiveness of these systems.

In accordance with the Internal Control Guidance, the Board affirms the existence of a continuous process for identifying, evaluating, and addressing significant risks confronting the Group.

However, it’s important to recognise that every risk management and internal control system has inherent limitations that may pose obstacles to achieve the Group’s business objectives fully. As such, while the system offers reasonable assurance, but not absolute assurance against material misstatement, loss or fraud.

## RISK MANAGEMENT FRAMEWORK

The Group has implemented an Enterprise Risk Management (ERM) framework, encompassing an ongoing risk management process in identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the financial year.

The Board is assisted by the Risk Management Committee (“RMC”) to provide oversight, direction and counsel to the Group’s risk management process by identifying and assessing risks, and making recommendations to monitor, evaluate, manage and mitigate such risks throughout the business operations particularly in respect of key risks which the Group faces on a regular basis.

During the FYE 2023, the Board outsourced to Talent League Sdn Bhd (“TLSB”) in forming a Risk Management System. The Registry of Risk is maintained to identify principal business risks and key risk areas, their impact, likelihood of occurrence and risk control actions and is updated to address changes in risk profiles. The key risk categories which have been reviewed by the TLSB during the financial year under review encompassed:

- Governance
- Human resources
- Quality controls
- Information technology
- Financial
- Operations
- Inventory
- Product design and development
- Marketing
- Shipping

The level of risk tolerance is established and monitored through the use of a risk impact and likelihood matrix where the ratings are assessed in response to changes in the business environment. The process of identifying, evaluating, monitoring and managing risks is embedded in the various work processes and procedures of the respective operational functions.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT FRAMEWORK (Cont'd)

The objectives of the Group's risk management:

**Governance Structure:** The framework begins with clear governance structures, including a designated risk management committee or oversight body responsible for setting risk management policies, strategies, and objectives. This body ensures that risk management is integrated into the organisation's overall governance framework and aligns with its strategic goals.

**Risk Culture and Awareness:** A strong risk culture is fostered throughout the organisation, promoting risk awareness, accountability, and transparency at all levels. This involves providing training and education on risk management principles and encouraging open communication channels for reporting and addressing risks.

**Risk Identification:** The framework includes processes for systematically identifying and cataloging risks across all areas of the organisation, including strategic, operational, financial, and compliance risks. This may involve conducting risk assessments, workshops, scenario analyses, and leveraging historical data and industry benchmarks.

**Risk Assessment and Prioritisation:** Risks are assessed based on their potential impact and likelihood of occurrence, allowing organisations to prioritise risks and allocate resources effectively. Techniques such as risk matrices, heat maps, and qualitative and quantitative analysis methods may be used to evaluate risks.

**Risk Response and Mitigation:** The framework outlines strategies for managing and mitigating identified risks, including risk avoidance, reduction, transfer, acceptance, or a combination of these approaches. Controls and mitigation measures are implemented to reduce the likelihood and impact of adverse events.

**Monitoring and Reporting:** Ongoing monitoring and reporting mechanisms are established to track the effectiveness of risk management activities and provide timely feedback to stakeholders. Key risk indicators (KRIs) are monitored to detect emerging risks or changes in the risk landscape, enabling proactive risk management actions.

**Integration with Decision-Making:** Risk management is integrated into the organisation's strategic planning, decision-making processes, and day-to-day operations. This ensures that risk considerations are taken into account when evaluating new initiatives, investments, and business decisions.

**Continuous Improvement:** The framework promotes a culture of continuous improvement, encouraging periodic reviews and updates to adapt to evolving risks and business conditions. Lessons learned from past experiences and risk events are incorporated to enhance the effectiveness of risk management practices.

**Communication and Stakeholder Engagement:** Effective communication channels are established to ensure that risk information is communicated transparently and accurately to internal and external stakeholders. This includes regular reporting to the board of directors, senior management, employees, regulators, and other relevant parties.

### INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit functions to TLSB to assist the Audit Committee ("AC") in undertaking independent reviews on the effectiveness and adequacy of the internal controls system and to address the weaknesses identified, if any. The Internal Audit team independently reviews the procedures and control processes implemented by the management within the key business segments of the Group. Any key areas of concern identified during the reviews together with the management responses and recommendations for improvements to strengthen the internal controls are directly reported to the AC. The Management is required to implement the rectification action plans with due follow-up actions undertaken to ensure that any internal control deficiencies or weaknesses highlighted have been addressed on a timely basis. Follow-up reviews were conducted by the Internal Auditors team to assess the implementation of action plans provided by the Management and findings from follow-up reviews, if any, are reported to the AC.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

In addition to the risk management and internal audit function, the other key elements of the Group's internal control system are described below:

#### Integrity and Ethical Values

The Group is committed to upholding a strong culture of integrity and ethical values. The Group has established the Directors' Fit and Proper Policy for Company Director and Key Internal Controls & Compliance Policy for management and employees as well as Anti-Corruption Policy, which reflect the underlying values and commitment to maintaining the standards of integrity, fairness, responsibility, commitment, diligence, and professionalism contributing towards the social and environmental growth of the surroundings in which the Group operates.

All employees are required to acknowledge that they have read and understood the Policy. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organisation.

#### Lines of Responsibility

The Group has a formal organisational structure which clearly define the framework for the line of reporting and hierarchy, as well as the accountabilities and responsibilities for all business units within the Group. In addition, the Board of Directors and its various Board Committees are all governed by clearly defined terms of reference.

#### Information and Communication

The Group has put in place effective and efficient information and communication infrastructures and channels, i.e. computerised systems, secured intranet and electronic mail system, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

#### Performance Review

Quarterly board meetings are held to discuss and review the Group's overall financial performance, business development, operational and corporate issues. Additionally, progress update of key projects will also be communicated to the Board during the quarterly meetings.

#### Investor Relations

The Group strives to maintain good relationship with the investors. Briefings are conducted regularly to fund managers, investment analysts, bankers and other investors on the Group's financial performance. Stakeholders or investors are given opportunities to seek further clarification from the Company through the investor relations function, which questions raised are replied via email accordingly.

#### Whistle Blowing Policy

The Group has established a Whistle Blowing Policy which allows, supports and encourages its employees and third parties to report and raise genuine concerns about possible improprieties in matters of financial reporting, compliance, malpractices and/or unethical business conduct within the Group at the earliest opportunity and in an appropriate way. The Group also encourages each employee to speak up if there is any case of suspected corruption or bribery. The Group is committed to investigate any suspected misconduct or breach reported, the investigation of which will be led by the AC, as well as to protect those who come forward to report such activities.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the AMLR of Bursa Securities, the external auditors conducted a limited assurance engagement on the Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ending 31 December 2023. Their review adhered to the guidelines outlined in the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. It's important to note that under AAPG 3, auditors are not required to provide an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their prescribed procedures, the External Auditors have communicated to the Board of Directors that they have not identified any issues that would lead them to believe that the Statement on Risk Management and Internal Control deviates, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management and Internal Control factually inaccurate.

### CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system of the Group currently being put in place is adequate and effective to safeguard the Group's interests and assets.

The Board commits to ongoing assessment and monitoring of the adequacy and effectiveness of the Group's risk management and internal control system. Furthermore, the Board pledges to enhance and fortify the system as needed, ensuring its continual alignment with the evolving needs and circumstances of the Group.

## AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) currently comprises of three (3) members, whom are Independent Non-Executive Directors of our Company. The AC meets the requirement of Rules 15.09 and 15.10 of ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as Practice Note 9.4 (Step Up) of the Malaysian Code on Corporate Governance (“MCCG”).

Yong Kim Fui - *Chairman, Independent Non-Executive Director*

Yew Yong Ling - *Member, Independent Non-Executive Director*

Lieu Pei Yee - *Member, Independent Non-Executive Director*

### TERMS OF REFERENCE

The Terms of Reference (“TOR”) of the Company will be reviewed from time to time to ensure its effectiveness and relevance to the Board’s objective. The TOR of the AC is available on our corporate website [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com).

### MEETING AND ATTENDANCE

The details of attendance of Audit Committee member in the AC meetings held during the financial year ended 31 December 2023 (“FYE 2023”) are as follows:

Name of Committee Members	Position	No. of Meetings Attended
Yong Kim Fui	Chairman, <i>Independent Non-Executive Director</i>	3/3
Yew Yong Ling	Member, <i>Independent Non-Executive Director</i>	3/3
Lieu Pei Yee	Member, <i>Independent Non-Executive Director</i>	3/3

The AC reviews the unaudited quarterly financial results and reports by the External Auditor on year-end audit procedures to ensure that the financial statements were prepared in compliance with the Malaysian Financial Reporting Standard (“MFRS”) 134 and the relevant Listing Requirements. The Executive Directors and key management were invited to attend the meeting to provide clarifications and information required of the Company.

### SUMMARY OF ACTIVITIES

The main activities carried out by the AC in line with its TOR during FYE 2023 are summarized as below:

#### a. Financial Reporting

- i. Reviewed the quarterly unaudited financial results of the Group for an announcement to Bursa Securities before recommending them for the Board’s approval. The review was to ensure that the unaudited quarterly financial results were prepared in accordance with the requirements of MFRS 134, International Accounting Standard 34: Interim Financial Reporting, and provisions of the Listing Requirements of Bursa Securities.
- ii. Reviewed for any related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group.

#### b. External Audit

- i. Reviewed and approved the External Auditors assessment policy which is published in the Group’s website at [www.synergyhouseberhad.com](http://www.synergyhouseberhad.com);
- ii. Assessed on 17 April 2024 the performance, suitability, objectivity and independent of Crowe Malaysia PLT (“Crowe”) based on an assessment questionnaire which took into consideration criteria such as the quality of services, sufficiency of resources, and trained professional staff assigned to the audit;

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES (Cont'd)

#### b. External Audit (Cont'd)

- iii. Reviewed and discussed with the External Auditors, Crowe's audit planning memorandum for the financial year ended 31 December 2023, outlining the auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditors' attention, engagement team, as well as reporting, deliverables and audit fees;
- iv. Having private session with the External Auditors without the presence of the Executive Directors and management in February 2024; and
- v. Reviewed the audit fee for FYE 2023 and recommended the audit fee to the Board for approval in November 2023.

#### c. Internal Audit

- i. Reviewed the reports by internal auditors, representations made and corrective actions taken by the management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;
- ii. Reviewed the follow-up reports from the internal audit and to ensure the issues were appropriately addressed on a timely basis;
- iv. Reviewed the internal audit plan for the financial years ended 31 December 2023 up to 2025;
- v. Reviewed the adequacy, scope, function, competency and resources of Internal Audit function; and
- vi. Assessed on 17 April 2024, the performance and work scope amongst others of Talent League Sdn Bhd based on an assessment questionnaire.

Based on the above, where appropriate, the AC will seek further detailed clarifications from the management team to understand the matter in depth prior to making any decisions or recommendations.

#### Internal audit function

The Group has outsourced its internal audit function to an independent external party, Talent League Sdn. Bhd. which reports directly to the AC. The AC reviews internal audit and monitors its relationship with the Internal Auditor, including plans and performance. It reviews and assesses the quarterly Internal Audit reports together with management's actions on findings to gain assurance as to the effectiveness of the internal control framework throughout the Group. The total cost incurred in relation to the Group's outsourced internal audit function during FYE 2023 was RM12,857.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM THE LISTING EXERCISE

The Company was listed on the ACE Market of Bursa Securities on 1 June 2023 (“Listing”). In conjunction with the Listing Requirements of Bursa Securities, the Company undertook a public issue of 80,000,000 new ordinary shares at an issue price of RM0.43 per share, raising gross proceeds of RM34.4 million (“IPO Proceeds”).

The status of the utilisation of the IPO Proceeds as of 31 December 2023 is as follows:

Details of Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Re-allocation <sup>(1)</sup> RM'000	Balance RM'000	Estimated Timeframe for Utilisation upon Listing
E-commerce fulfilment centres in Muar, Johor and overseas countries - Purchase of inventories	10,000	(10,000)	-	-	Within 18 months
E-commerce fulfilment centre in Muar, Johor - Purchase of racking system and forklifts	1,500	-	-	1,500	Within 18 months
E-commerce advertising and promotions	1,000	(1,000)	-	-	Within 18 months
Repayment of borrowings	10,000	(10,000)	-	-	Within 6 months
Working capital	7,700	(7,821)	121	-	Within 12 months
Estimated listing expenses	4,200	(4,079)	(121)	-	Within 1 month
<b>Total</b>	<b>34,400</b>	<b>(32,900)</b>	<b>-</b>	<b>1,500</b>	

Notes:

<sup>(1)</sup> Included under this amount is an unutilised balance of RM0.12 million from the estimated listing expenses which was subsequently reallocated to working capital. This amount has been fully utilised in the financial year under review.

### 2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023 (“FYE 2023”), the audit fees and non-audit fees paid/payable to the Company’s external auditors or a firm or corporation affiliated to the auditors’ firm as follows:

	Group RM'000	Company RM'000
Audit fees	138	33
Non-audit fees	5	5
	143	38

### 3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts (not being contracts entered into in the ordinary course of business) either subsisting as at the financial year end or entered into since the end of the previous financial year by the Company and its subsidiaries involving the interest of the directors and major shareholders.

### 4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

During the FYE 2023, there was no recurrent related party transactions of a revenue or trading nature which requires shareholders’ mandate.

## DIRECTORS' RESPONSIBILITY

### STATEMENT IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements in accordance with the applicable MFRS, IFRS, the provisions of the Act as well as the AMLR of Bursa Securities.

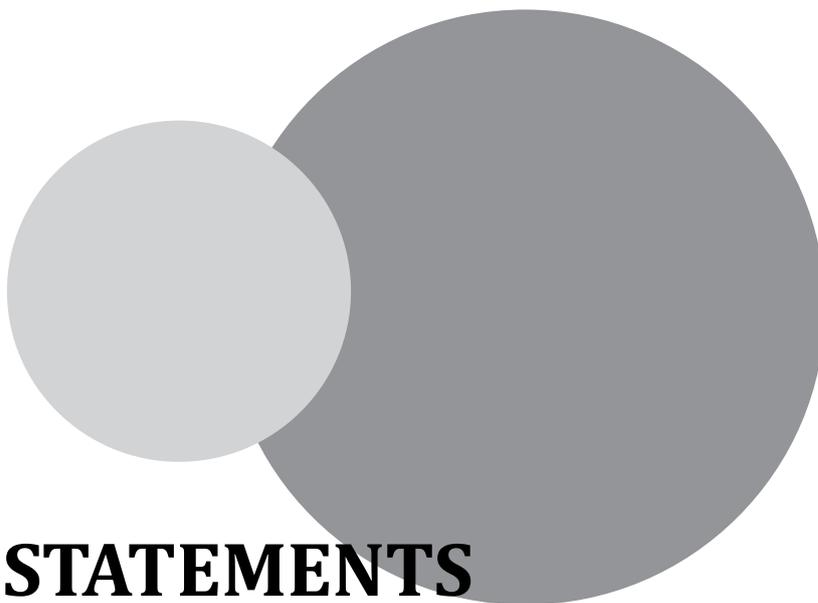
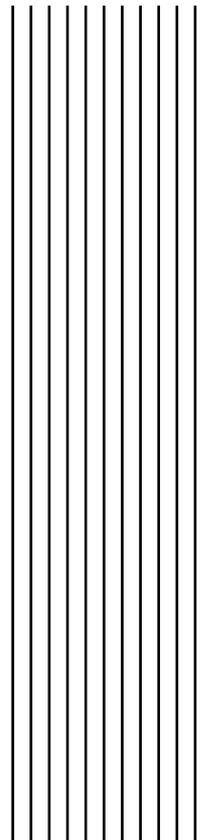
The Directors are responsible to ensure that financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at the end of the financial year, and of the financial performance and cash flows for the financial year.

In ensuring the preparation of these financial statements of Synergy House Berhad, the Directors have ensured the following:-

- Adopted suitable accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Making of judgments and estimates that are appropriate, reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy the financial position of the Company and ensuring that the financial statements comply with the provisions of the Companies Act 2016.

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



**REPORTS AND**

**FINANCIAL STATEMENTS**

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

### RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	27,148,110	7,922,513

### DIVIDENDS

Dividend paid or declared by the Company since 31 December 2022 are as follows:-

A first single tier interim dividend of approximately 1 sen per ordinary share amounting to RM5,000,000 in respect of the financial year ended 31 December 2023 was declared 28 December 2023 and paid on 31 January 2024.

On 27 February 2024, the Company declared a second interim dividend of 0.6 sen per ordinary share amounting to RM3,000,000 in respect of the current financial year, payable on 22 March 2024, to shareholders whose names appeared in the record of depositors on 12 March 2024. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

The directors do not recommend the payment of any further dividends for the financial year.

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) the Company increased its issued and paid-up share capital from RM2 to RM68,798,002 (before deducting share issuance expenses of RM1,378,878) by issuance of 499,999,998 new ordinary shares pursuant to the following:-
  - (i) 419,999,998 ordinary shares for a total consideration of approximately RM34,398,000 as full payment for the acquisition of the entire issued and paid-up share capital of Synergy House Furniture Sdn. Bhd., Synergy House International Sdn. Bhd. and Sunny & Ker Furniture Industries Sdn. Bhd.; and
  - (ii) 80,000,000 ordinary shares at an issue price of RM0.43 per ordinary share, as part of the listing scheme of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## DIRECTORS' REPORT (CONT'D)

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

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

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

### VALUATION METHOD

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

### CONTINGENT AND OTHER LIABILITIES

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

- (a) 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
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### HOLDING COMPANY

The Company is a subsidiary of Synergy House Furniture Holdings Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

## DIRECTORS' REPORT (CONT'D)

### SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentages of issued share capital held by the Company in each subsidiary are disclosed in Note 6 to the financial statements. The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Eu Tah\*  
 Teh Yee Luen\*  
 Mok Juan Chek  
 Yew Yong Ling  
 Lieu Pei Yee  
 Yong Kim Fui

\* Director of Synergy House Furniture Sdn. Bhd., Synergy House International Sdn. Bhd. and Sunny & Ker Furniture Industries Sdn. Bhd.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, options over unissued shares or debentures of the Company and its related corporations during the financial year are as follows:

The Company		Number of Ordinary Shares			
		At 01.01.2023	Bought	Sold	At 31.12.2023
Tan Eu Tah	- Direct	-	600,000	-	600,000
	- Indirect <sup>(1)</sup>	2	419,999,998	(50,000,000)	370,000,000
Teh Yee Luen	- Direct	-	1,488,000	-	1,488,000
	- Indirect <sup>(1)</sup>	2	419,999,998	(50,000,000)	370,000,000
Mok Juan Chek	- Direct	-	125,000	-	125,000
Yew Yong Ling	- Direct	-	125,000	-	125,000
Lieu Pei Yee	- Direct	-	78,000	-	78,000
Yong Kim Fui	- Direct	-	125,000	-	125,000

#### Holding company - Synergy House Furniture Holdings Sdn. Bhd. ("SHFH")

	Number of Ordinary Shares			
	At 01.01.2023	Bought	Sold	At 31.12.2023
Tan Eu Tah	500	-	-	500
Teh Yee Luen	500	-	-	500

Notes:

(1) Deemed interest by virtue of his direct interests in SHFH.

By virtue of their shareholdings in the Company and SHFH, Tan Eu Tah and Teh Yee Luen are deemed to have interests in shares of the Company and its related corporations during the financial year to the extent that SHFH has an interest, in accordance with Section 8 of the Companies Act 2016.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM	The Company RM
Fees	252,000	252,000
Salaries, bonuses and other benefits	1,445,021	-
Defined contribution benefits	172,800	-
	1,869,821	252,000
Estimated monetary value of benefits-in-kind	15,300	-

### INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM5,000,000 and RM9,750 respectively. No indemnity was given to or insurance effected for auditors of the Company .

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 37 to the financial statements.

### AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	138,000	33,000
Non-audit fees	5,000	5,000
	143,000	38,000

Signed in accordance with a resolution of the directors dated 17 April 2024

Tan Eu Tah

Teh Yee Luen

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Eu Tah and Teh Yee Luen, being two of the directors of Synergy House Berhad, state that, in the opinion of the directors, the financial statements set out on pages 47 to 87 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 of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 17 April 2024

**Tan Eu Tah**

**Teh Yee Luen**

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ng Boon Kean Kenneth, membership number: 43837 being the officer primarily responsible for the financial management of Synergy House Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 87 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
the abovementioned Ng Boon Kean  
Kenneth at Muar in the Johor Darul  
Takzim on this 17 April 2024

**Ng Boon Kean Kenneth**

Before me  
**Lim Pei Ling (No. J 238)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SYNERGY HOUSE BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Synergy House Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 47 to 87.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

<b>Carrying amount of inventories</b> Refer to Note 9 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group held inventories with carrying amount of RM48,624,694 as at 31 December 2023.</p> <p>The carrying amount of inventories is stated at the lower of cost and net realisable value.</p> <p>According to the Group's inventory write-down policy, the Group determines the amount of write-down for slow moving or obsolete inventories based upon the age of the slow moving inventories.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Compared the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down.</li> <li>• Performed test on the inventory ageing report to ensure inventories were grouped into the appropriate age bracket.</li> <li>• Reviewed the consistency of inventory write-down by checking such write-down against the corresponding age profile of inventories according to the group policy.</li> <li>• Obtained third parties' confirmation and quantities verification to assess the existence of inventories.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SYNERGY HOUSE BERHAD

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

#### 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.

#### 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:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

### **TO THE MEMBERS OF SYNERGY HOUSE BERHAD**

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

##### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

#### **OTHER MATTERS**

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

**Gan Hwee Ling**  
03516/08/2024 J  
Chartered Accountant

Muar, Johor Darul Takzim

Date : 17 April 2024

## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	-	-	56,898,000	-
Property, plant and equipment	7	33,621,034	32,415,569	-	-
Right-of-use assets	8	21,964,699	22,318,367	-	-
		55,585,733	54,733,936	56,898,000	-
<b>CURRENT ASSETS</b>					
Inventories	9	48,624,694	26,888,512	-	-
Trade receivables	10	63,487,920	15,404,357	-	-
Other receivables, deposits and prepayments	11	5,754,011	5,908,459	103,700	341,578
Dividend receivables		-	-	2,960,000	-
Short-term investment	12	21,316,036	-	14,723,366	-
Derivative assets	13	73,973	-	-	-
Current tax assets		218,885	583,793	-	-
Fixed deposits with licensed banks	14	11,892,366	12,703,611	-	-
Cash and bank balances		13,449,635	14,723,301	16,405	2
		164,817,520	76,212,033	17,803,471	341,580
<b>TOTAL ASSETS</b>		220,403,253	130,945,969	74,701,471	341,580
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	15	67,419,124	2,610,002	67,419,124	2
Reserves	16	33,399,993	43,739,883	2,140,881	(781,632)
<b>TOTAL EQUITY</b>		100,819,117	46,349,885	69,560,005	(781,630)
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	17	26,227,152	37,870,575	-	-
Lease liabilities	18	201,417	439,057	-	-
Deferred tax liabilities	19	2,688,098	2,688,098	-	-
		29,116,667	40,997,730	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	20	29,094,324	9,772,305	-	-
Other payables and accruals	21	14,885,516	6,615,577	122,466	1,123,210
Borrowings	17	37,544,864	25,323,269	-	-
Lease liabilities	18	463,880	320,699	-	-
Dividend payable	22	5,000,000	-	5,000,000	-
Current tax liabilities		3,478,885	1,566,504	19,000	-
		90,467,469	43,598,354	5,141,466	1,123,210
<b>TOTAL LIABILITIES</b>		119,584,136	84,596,084	5,141,466	1,123,210
<b>TOTAL EQUITY AND LIABILITIES</b>		220,403,253	130,945,969	74,701,471	341,580

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
REVENUE	23	270,171,697	194,093,049	9,100,000	-
OTHER INCOME		4,720,795	2,474,001	223,366	-
CHANGES IN INVENTORIES		(183,775,443)	(143,571,059)	-	-
DEPRECIATION		(1,942,067)	(1,721,828)	-	-
EMPLOYEE BENEFITS	25	(13,820,607)	(10,392,912)	(252,000)	(294,000)
FINANCE COSTS	26	(3,937,502)	(3,410,417)	-	-
OTHER EXPENSES		(34,100,302)	(14,263,993)	(1,210,648)	(487,632)
REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	27	-	10,840	-	-
RESULT FROM OPERATING ACTIVITIES		37,316,571	23,217,681	7,860,718	(781,632)
INTEREST INCOME		284,937	181,198	80,795	-
PROFIT/(LOSS) BEFORE TAX	28	37,601,508	23,398,879	7,941,513	(781,632)
INCOME TAX EXPENSE	29	(10,453,398)	(6,774,263)	(19,000)	-
PROFIT/(LOSS) AFTER TAX FOR THE FINANCIAL YEAR/PERIOD		27,148,110	16,624,616	7,922,513	(781,632)
OTHER COMPREHENSIVE INCOME	30				
<u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Revaluation of property, plant and equipment and right-of-use assets		-	1,276,478	-	-
TOTAL OTHER COMPREHENSIVE INCOME		-	1,276,478	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR/PERIOD		27,148,110	17,901,094	7,922,513	(781,632)
<b>PROFIT/(LOSS) AFTER TAX ATTRIBUTABLE TO: OWNER OF THE COMPANY</b>		27,148,110	16,624,616	7,922,513	(781,632)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR/PERIOD ATTRIBUTABLE TO: OWNERS OF THE COMPANY</b>		27,148,110	17,901,094	7,922,513	(781,632)
EARNINGS PER SHARE (RM)	31				
- Basic		0.06	0.04		
- Diluted		N.A	N.A		

Note:

N.A - Not applicable. There are no dilutive potential equity instruments that would affect the basic earnings per share.

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	Share capital RM	Non-distributable		Distributable	Total equity RM
		Re-organisation reserve RM	Revaluation reserve RM	Retained profits RM	
<b>The Group</b>					
Balance at 1 January 2022	2,610,002	-	6,157,994	25,580,795	34,348,791
Profit after tax for the financial year	-	-	-	16,624,616	16,624,616
Other comprehensive income for the financial year:-					
- Revaluation of property, plant and equipment and right-of-use assets	30	-	1,496,561	(220,083)	1,276,478
Distributions to owners of the Company:-					
- Dividends	32	-	-	(5,900,000)	(5,900,000)
Balance at 31 December 2022 / 1 January 2023	2,610,002	-	7,654,555	36,085,328	46,349,885
Profit after tax for the financial year	-	-	-	27,148,110	27,148,110
Contributions by and distributions to owners of the Company:-					
- Issuance of shares for the acquisition of subsidiaries	34,398,000	-	-	-	34,398,000
- Adjustment on the acquisition of subsidiaries	(2,610,000)	(31,788,000)	-	-	(34,398,000)
- Issuance of shares for the public issue	34,400,000	-	-	-	34,400,000
- Share issuance expenses	(1,378,878)	-	-	-	(1,378,878)
- Dividends	32	-	-	(5,700,000)	(5,700,000)
Balance at 31 December 2023	67,419,124	(31,788,000)	7,654,555	57,533,438	100,819,117

Note	Share capital RM	Distributable (Accumulated losses)/	Total equity RM
		Retained profits RM	
<b>The Company</b>			
Balance at 3 August 2021 (Date of incorporation)	2	-	2
Loss after tax and total comprehensive expenses for the financial period	-	(781,632)	(781,632)
Balance at 31 December 2022 / 1 January 2023	2	(781,632)	(781,630)
Profit after tax and total comprehensive income for the financial year	-	7,922,513	7,922,513
Contributions by and distributions to owners of the Company:-			
- Issuance of shares for the acquisition of subsidiaries	34,398,000	-	34,398,000
- Issuance of shares for the public issue	34,400,000	-	34,400,000
- Share issuance expenses	(1,378,878)	-	(1,378,878)
- Dividend	32	(5,000,000)	(5,000,000)
Balance at 31 December 2023	67,419,124	2,140,881	69,560,005

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	The Group		The Company	
	01.01.2023	01.01.2022	01.01.2023	03.08.2021
	to	to	to	to
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>CASH FLOWS (FOR)/FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Profit/(loss) before tax	37,601,508	23,398,879	7,941,513	(781,632)
Adjustments for :				
Depreciation of property, plant and equipment	1,357,317	976,854	-	-
Depreciation of right-of-use assets	584,750	744,974	-	-
Gain on disposal of property, plant and equipment	(9,345)	(12,232)	-	-
Gain on derecognition due to lease modification	(2,582)	(39,871)	-	-
Fair value gain on derivative	(73,973)	-	-	-
Inventories written down	211,380	161,235	-	-
Net fair value changes on revaluation	-	201,019	-	-
Property, plant and equipment written off	11,747	4,981	-	-
Reversal of inventories previously written down	(65,247)	(23,101)	-	-
Reversal of impairment losses on trade receivables	-	(10,840)	-	-
Unrealised loss on foreign exchange	2,431,372	267,880	-	-
Interest expenses	3,889,626	3,343,079	-	-
Interest income	(284,937)	(181,198)	(80,795)	-
Operating profit/(loss) before working capital changes	45,651,616	28,831,659	7,860,718	(781,632)
Inventories	(21,882,315)	(17,755,182)	-	-
Trade receivables	(49,472,873)	6,441,753	-	-
Other receivables, deposits and prepayments	747,180	4,226,106	(2,722,122)	(307,440)
Trade payables	19,342,840	156,509	-	-
Other payables and accruals	8,003,021	2,944,431	(1,000,744)	298,000
<b>CASH FROM/(FOR) OPERATIONS</b>	<b>2,389,469</b>	<b>24,845,276</b>	<b>4,137,852</b>	<b>(791,072)</b>
Interest received	284,937	181,198	80,795	-
Tax paid	(8,268,752)	(5,492,289)	-	-
Tax refund	92,643	350	-	-
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(5,501,703)</b>	<b>19,534,535</b>	<b>4,218,647</b>	<b>(791,072)</b>
<b>CASH FLOWS (FOR)</b>				
<b>INVESTING ACTIVITIES</b>				
Investment in subsidiaries	-	2	(56,898,000)	-
Proceeds from disposal of property, plant and equipment	37,800	51,782	-	-
Purchase of property, plant and equipment	33(a) (1,809,594)	(9,666,441)	-	-
Deposit paid for purchase of property, plant and equipment	(832,134)	-	-	-
Withdrawal of fixed deposits with tenure more than 3 months	-	200,000	-	-
<b>NET CASH (FOR) INVESTING ACTIVITIES</b>	<b>(2,603,928)</b>	<b>(9,414,657)</b>	<b>(56,898,000)</b>	<b>-</b>

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

## STATEMENTS OF CASH FLOWS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022	01.01.2023 to 31.12.2023	03.08.2021 to 31.12.2022
		RM	RM	RM	RM
<b>CASH FLOWS FROM/(FOR)</b>					
<b>FINANCING ACTIVITIES</b>					
Fixed deposit pledged with licensed bank		(1,265,333)	(5,234,633)	-	-
Advance from related party		-	-	-	791,072
Dividends paid		(700,000)	(5,900,000)	-	-
Drawdown of bankers' acceptances	33(b)	99,466,594	72,294,455	-	-
Drawdown of invoice financing	33(b)	2,785,170	1,965,262	-	-
Drawdown of receivable financing	33(b)	30,068,800	24,998,111	-	-
Drawdown of revolving financing	33(b)	-	3,187,163	-	-
Drawdown of term loans	33(b)	-	4,720,000	-	-
Drawdown of trade financing	33(b)	2,269,595	-	-	-
Interest paid	33(b)	(3,645,246)	(3,343,079)	-	-
Proceed from issuance of ordinary shares		33,021,122	-	67,419,122	2
Repayment from related party		-	3,837,372	-	-
Repayment of bankers' acceptances	33(b)	(84,592,471)	(62,817,374)	-	-
Repayment of hire purchase payables	33(b)	(198,032)	(78,535)	-	-
Repayment of lease liabilities	33(b)	(322,959)	(535,021)	-	-
Repayment of receivable financing	33(b)	(30,432,932)	(24,793,397)	-	-
Repayment of revolving financing	33(b)	(3,187,164)	(13,220,481)	-	-
Repayment of term loans	33(b)	(12,091,196)	(2,260,263)	-	-
Repayment of trade financing	33(b)	(1,319,361)	-	-	-
Repayment of invoice financing	33(b)	(2,765,136)	(1,647,886)	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		27,091,451	(8,828,306)	67,419,122	791,074
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		18,985,820	1,291,572	14,739,769	2
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>		(1,020,028)	(427,658)	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD</b>		16,799,879	15,935,965	2	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD</b>	33(d)	34,765,671	16,799,879	14,739,771	2

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Unit 30-01, Level 30, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

Principal place of business : Lot 18.A & 18.B & 18.C,  
Level 18, Top Glove Tower,  
No. 16, Persiaran Setia Dagang,  
Bandar Setia Alam, Seksyen U13,  
40170 Shah Alam, Selangor.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

The consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 April 2024.

#### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

#### 3. HOLDING COMPANY

The Company is a subsidiary of Synergy House Furniture Holdings Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

#### 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

##### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 17 Insurance Contracts  
Amendments to MFRS 17 Insurance Contracts  
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information  
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  
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 4. BASIS OF PREPARATION (CONT'D)

- 4.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

#### 5. MATERIAL ACCOUNTING POLICY INFORMATION

##### 5.1 Critical accounting estimates and judgements

###### *Key sources of estimation uncertainty*

Management believes that there are no key assumptions made 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 other than as disclosed below:

###### **(a) Property, plant and equipment and right-of-use assets under revaluation**

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of property, plant and equipment and right-of-use assets measured at revaluation as at the reporting date is disclosed in Note 7 and 8 to the financial statements.

###### **(b) Write-down of inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 9 to the financial statements.

###### **(c) Impairment of trade receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 10 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

##### 5.1 Critical accounting estimates and judgements (Cont'd)

###### *Critical judgements made in applying accounting policies*

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

###### **Lease terms**

Some leases contain extension options exercisable by the Company before the end of the noncancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### 5.2 Financial instruments

###### (a) Financial assets

###### Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

###### Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

###### Financial assets through other comprehensive income

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

###### (b) Financial liabilities

###### Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expenses.

###### Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

###### (c) Equity

###### Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

###### (d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

##### 5.2 Financial instruments (Cont'd)

###### (e) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

##### 5.3 Basis of consolidation

The Group applies the acquisition method of accounting for those business combinations which business combinations which were accounted for using merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the consolidated financial statements at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflects the results of the merger entities for the full reporting period (irrespective of when the combination takes place) and comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

The difference between the cost of the merger and the share capital and capital reserves of the merger entities is reflected within equity as merger reserve.

##### 5.4 Investment in subsidiaries

Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

##### 5.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost including the estimated costs of dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land and buildings are stated at revalued amounts based on periodic valuations, at least once in every 3 or 5 years, less subsequent depreciation for buildings. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	2%
Plant and machinery	10%
Motor vehicles	20%
Furniture and fittings, office and computer equipment	10% - 20%
Renovations and signboard	10% - 20%
Tools and equipment	10%

Capital work-in-progress are not depreciated until such time when the asset is available for use.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

##### 5.6 Right-of-use assets and lease liabilities

###### (a) Short-term leases and leases of low-value assets

The Group and the Company apply the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

###### (b) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

###### (c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities’ incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

##### 5.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

#### 6. INVESTMENT IN SUBSIDIARIES

	The Company	
	31.12.2023	31.12.2022
	RM	RM
<b>At cost</b>		
Unquoted shares	56,898,000	-

The details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business and country of incorporation	Percentage of issued share capital held by parent		Principal activities
		31.12.2023	31.12.2022	
		%	%	
<b>Subsidiaries of the Company</b>				
Synergy House Furniture Sdn. Bhd. (“SHF”)	Malaysia	100	-	Design and sale of ready-to-assemble (or “RTA”) home furniture.
Sunny & Ker Furniture Industries Sdn. Bhd.	Malaysia	100	-	Trading of all types of furniture and related products.
Synergy House International Sdn. Bhd.	Malaysia	100	-	Trading of all types of furniture and related products.
<b>Subsidiary of SHF</b>				
Synergy House Furniture Inc.^	United States of America	100	-	Dormant

^ Not required to be audited under the laws of the country of incorporation.

On 20 June 2023, Synergy House Furniture Sdn. Bhd. (“SHF”), a wholly-owned subsidiary of the Company, subscribed for 1,000 ordinary shares of USD1 each representing 100% of the paid-up share capital in Synergy House Furniture Inc. (“Synergy US”) for a total cash consideration of USD1,000. As a result, Synergy US has become a wholly-owned subsidiary of SHF and an indirect subsidiary of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

On 20 June 2023, Synergy House Furniture Sdn. Bhd. ("SHF"), a wholly-owned subsidiary of the Company, subscribed for 1,000 ordinary shares of USD1 each representing 100% of the paid-up share capital in Synergy House Furniture Inc. ("Synergy US") for a total cash consideration of USD1,000. As a result, Synergy US has become a wholly-owned subsidiary of SHF and an indirect subsidiary of the Company.

**7. PROPERTY, PLANT AND EQUIPMENT**

The Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings, office and computer equipment RM	Renovations and signboard RM	Tools and equipment RM	Capital work-in-progress RM	Total RM
<b>At cost</b>									
At 1 January 2023	14,000,000	13,820,000	1,719,722	2,138,432	3,102,549	364,989	885,345	633,714	36,664,751
Additions	-	62,200	210,000	427,000	752,234	118,500	819,270	213,780	2,602,984
Disposals	-	-	-	-	-	-	(37,800)	-	(37,800)
Reclassification	-	-	340,691	-	-	-	-	(340,691)	-
Write off	-	-	-	-	(15,164)	-	-	-	(15,164)
At 31 December 2023	14,000,000	13,882,200	2,270,413	2,565,432	3,839,619	483,489	1,666,815	506,803	39,214,771
<b>Less : Accumulated depreciation</b>									
At 1 January 2023	-	143,523	750,461	1,692,836	1,363,603	57,912	240,847	-	4,249,182
Charge for the financial year	-	276,918	183,386	190,355	507,844	55,428	143,386	-	1,357,317
Disposals	-	-	-	-	-	-	(9,345)	-	(9,345)
Write off	-	-	-	-	(3,417)	-	-	-	(3,417)
At 31 December 2023	-	420,441	933,847	1,883,191	1,868,030	113,340	374,888	-	5,593,737
<b>Carrying amount</b>									
At cost	-	61,682	1,336,566	682,241	1,971,589	370,149	1,291,927	506,803	6,220,957
At valuation	14,000,000	13,400,077	-	-	-	-	-	-	27,400,077
At 31 December 2023	14,000,000	13,461,759	1,336,566	682,241	1,971,589	370,149	1,291,927	506,803	33,621,034

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings, office and computer equipment RM	Renovations and signboard RM	Tools and equipment RM	Capital work-in-progress RM	Total RM
<b>At cost</b>									
At 1 January 2022	14,000,000	6,500,000	1,161,238	2,017,831	2,224,144	121,477	567,234	10,800	26,602,724
Additions	-	7,541,102	692,284	158,601	926,070	248,802	318,111	622,914	10,507,884
Disposals	-	-	(133,800)	(38,000)	(47,665)	-	-	-	(219,465)
Revaluation	-	(156,102)	-	-	-	-	-	-	(156,102)
Transfer*	-	(65,000)	-	-	-	-	-	-	(65,000)
Write off	-	-	-	-	-	(5,290)	-	-	(5,290)
At 31 December 2022	14,000,000	13,820,000	1,719,722	2,138,432	3,102,549	364,989	885,345	633,714	36,664,751
<b>Less : Accumulated depreciation</b>									
At 1 January 2022	-	-	688,621	1,534,215	1,074,130	35,300	185,286	-	3,517,552
Charge for the financial year	-	208,523	158,653	196,621	334,575	22,921	55,561	-	976,854
Disposals	-	-	(96,813)	(38,000)	(45,102)	-	-	-	(179,915)
Transfer*	-	(65,000)	-	-	-	-	-	-	(65,000)
Write off	-	-	-	-	-	(309)	-	-	(309)
At 31 December 2022	-	143,523	750,461	1,692,836	1,363,603	57,912	240,847	-	4,249,182
<b>Carrying amount</b>									
At cost	-	-	969,261	445,596	1,738,946	307,077	644,498	633,714	4,739,092
At valuation	14,000,000	13,676,477	-	-	-	-	-	-	27,676,477
At 31 December 2022	14,000,000	13,676,477	969,261	445,596	1,738,946	307,077	644,498	633,714	32,415,569

\* This transfer relates to the accumulated depreciation as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The following property, plant and equipment have been pledged to licensed banks as security for banking facilities granted to the Group (Note 17(a)):

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Carrying amount</b>		
Freehold land	14,000,000	14,000,000
Buildings	13,461,759	13,676,477
	27,461,759	27,676,477

- (b) On 30 June 2022, the Group's freehold land and buildings were revalued based on independent professional valuation. The deficit arising from the revaluation, net of deferred taxation, have been debited to other comprehensive income as disclosed in Note 30 to the financial statements and accumulated in equity under the revaluation reserve.
- (c) The details of the Group's freehold land and buildings carried at fair value are analysed as follows:

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2023</b>				
Freehold land	-	14,000,000	-	14,000,000
Buildings	-	13,820,000	-	13,820,000
	-	27,820,000	-	27,820,000

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2022</b>				
Freehold land	-	14,000,000	-	14,000,000
Buildings	-	13,820,000	-	13,820,000
	-	27,820,000	-	27,820,000

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties and cost approach as a check to ascertain the value of the properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

The fair value measurements of the freehold land and buildings are based on the highest and best use which does not differ from their actual use.

- (d) If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Freehold land	14,224,033	14,224,033
Buildings	13,634,570	13,856,841
	27,858,603	28,080,874

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) The following property, plant and equipment of the Group were acquired under hire purchase terms:

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Carrying amount</b>		
Motor vehicles	498,855	144,115
Plant and machinery	127,167	-
	626,022	144,115

(f) There is no property, plant and equipment in the Company throughout the current and previous financial year/period.

#### 8. RIGHT-OF-USE ASSETS

The Group	Leasehold land RM	Offices and hostel RM	Showrooms RM	Total RM
<b>Carrying amount</b>				
At 1 January 2022	20,180,000	168,601	389,432	20,738,033
Additions	-	885,365	-	885,365
Depreciation	(239,372)	(310,886)	(194,716)	(744,974)
Derecognition due to lease modification	-	-	(194,716)	(194,716)
Revaluation	1,634,659	-	-	1,634,659
At 31 December 2022 / 1 January 2023	21,575,287	743,080	-	22,318,367
Additions	-	261,736	-	261,736
Depreciation	(249,425)	(335,325)	-	(584,750)
Derecognition due to lease modification	-	(30,654)	-	(30,654)
At 31 December 2023	21,325,862	638,837	-	21,964,699
<b>Carrying amount</b>				
At cost	-	638,837	-	638,837
At valuation	21,325,862	-	-	21,325,862
At 31 December 2023	21,325,862	638,837	-	21,964,699

(a) The Group leases certain leasehold land, offices and hostel based on terms and conditions summarised below:

- (i) Leasehold land      The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease is for a period of 95 years with no renewal or purchase option included in the agreement.
- (ii) Offices and hostel      The Group has entered into 2 non-cancellable operating lease agreement for the use of office and hostel. The lease is for a period of 1.5 to 3 years with renewal option included in the agreement.

(b) The leasehold land of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group (Note 17(a)).

(c) On 30 June 2022, the Group's leasehold land was revalued based on independent professional valuation. The surplus arising from the revaluation, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 30 to the financial statements and accumulated in equity under the revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 8. RIGHT-OF-USE ASSETS (CONT'D)

(d) The details of the Group's leasehold land carried at fair value are analysed as follows:

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2023</b>				
Leasehold land	-	21,700,000	-	21,700,000

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>31.12.2022</b>				
Leasehold land	-	21,700,000	-	21,700,000

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties and cost approach as a check to ascertain the value of the properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

The fair value measurements of the leasehold land is based on the highest and best use which does not differ from their actual use.

(e) If the leasehold land was measured using the cost model, the carrying amounts would be as follows:

	The Group	
	31.12.2023 RM	31.12.2022 RM
Leasehold land	11,521,402	11,654,598

#### 9. INVENTORIES

	The Group	
	31.12.2023 RM	31.12.2022 RM
Raw materials	120,614	193,679
Finished goods	48,504,080	26,694,833
	<u>48,624,694</u>	<u>26,888,512</u>

#### Recognised in profit or loss:

Inventories recognised as cost of sales	183,629,310	143,432,925
Inventories written down	211,380	161,235
Reversal of inventories previously written down	(65,247)	(23,101)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 10. TRADE RECEIVABLES

	The Group	
	31.12.2023 RM	31.12.2022 RM
Third parties	63,515,372	15,431,809
Allowance for impairment losses	(27,452)	(27,452)
	<u>63,487,920</u>	<u>15,404,357</u>
<b>Allowance for impairment losses:</b>		
At 1 January	(27,452)	(38,292)
Reversal during the financial year	-	10,840
At 31 December	<u>(27,452)</u>	<u>(27,452)</u>

The Group's normal trade terms granted to customers are as follows:

	The Group	
	31.12.2023	31.12.2022
Third parties	Cash term to 75 days	Cash term to 90 days

#### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Amount owing by related party	-	11,779	-	-
Sundry receivables	175,467	338,561	-	-
	<u>175,467</u>	<u>350,340</u>	<u>-</u>	<u>-</u>
Deposits	2,318,987	1,083,113	500	500
Deposits paid to suppliers	2,529,332	3,699,052	-	-
Goods and services tax recoverable	198	198	-	-
Prepayments	730,027	775,756	103,200	341,078
	<u>5,754,011</u>	<u>5,908,459</u>	<u>103,700</u>	<u>341,578</u>

(a) As at 31.12.2022, the amount owing by related party is unsecured, interest-free and repayable on demand.

(b) Included in the deposits is an amount of RM845,084 (2022: RM252,118) for the purchase of property, plant and equipment.

#### 12. SHORT-TERM INVESTMENT

	The Group		The Company	
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Money market funds, at fair value	21,316,036	-	14,723,366	-

The money market funds represent investment in high liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with five (5) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 13. DERIVATIVE ASSETS

	Contract   Notional Amount		The Group	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Derivative Assets</b>				
Forward currency contracts	6,028,750	-	73,973	-

The Group does not apply hedge accounting.

The Group uses forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The settlement dates of the forward foreign exchange contracts is 1 month (31.12.2022: NIL) after the end of the reporting period.

#### 14. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The effective annual interest rates and maturity periods for the fixed deposits with licensed banks of the Group are as follows:

	The Group	
	31.12.2023	31.12.2022
Effective annual interest rates (%)	1.85 - 3.10	1.65 - 2.65
Maturity periods (days)	30 - 365	11 - 365

- (b) Included in the fixed deposits with licensed banks is the following amount being pledged for banking facilities of the Group (Note 17(a)):

	The Group	
	31.12.2023	31.12.2022
	RM	RM
Fixed deposits with licensed banks	11,892,366	10,627,033

#### 15. SHARE CAPITAL

	The Group			
	31.12.2023		31.12.2022	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid-up</b>				
Ordinary shares				
At 1 January	2,610,002	2,610,002	2,610,002	2,610,002
Issuance of new shares pursuant to:-				
- Acquisition of subsidiaries (b)	419,999,998	34,398,000	-	-
- Adjustment on the acquisition of subsidiaries	(2,610,000)	(2,610,000)	-	-
- Public issue (c)	80,000,000	34,400,000	-	-
- Share issuance expenses	-	(1,378,878)	-	-
At 31 December	500,000,000	67,419,124	2,610,002	2,610,002

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 15. SHARE CAPITAL (CONT'D)

	31.12.2023		The Company	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid-up</b>				
Ordinary shares				
At 1 January	2	2	2	2
Issuance of new shares pursuant to:-				
- Acquisition of subsidiaries (b)	419,999,998	34,398,000	-	-
- Public issue (c)	80,000,000	34,400,000	-	-
- Share issuance expenses	-	(1,378,878)	-	-
At 31 December	500,000,000	67,419,124	2	2

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) On 25 May 2022, the Company increased its issued and paid-up share capital from RM 2 to approximately RM 34,398,002 by way of an issuance of 419,999,998 new ordinary shares for a total consideration of approximately RM 34,398,000 as full payment for the acquisition of the entire issued and paid-up share capital of Synergy House Furniture Sdn. Bhd., Synergy House International Sdn. Bhd., and Sunny & Ker Furniture Industries Sdn. Bhd.. The new ordinary shares issued rank pari passu in all respect with the existing ordinary shares of the Company.
- (c) On 1 June 2023, the Company undertook a public issue of 80,000,000 new ordinary shares ("Public Issue") in conjunction with its initial public offering at an issuance price of RM 0.43 per ordinary share.

#### 16. RESERVES

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Non-distributable</b>				
Revaluation reserve	7,654,555	7,654,555	-	-
Reorganisation reserve	(31,788,000)	-	-	-
<b>Distributable</b>				
Retained profits/(Accumulated losses)	57,533,438	36,085,328	2,140,881	(781,632)
	33,399,993	43,739,883	2,140,881	(781,632)

- (a) Revaluation reserve

The revaluation reserve represents the net increase in the fair value of freehold land, buildings, and leasehold land of the Group (net of deferred tax, where applicable) presented under property, plant and equipment and right-of-use assets.

- (b) Re-organisation reserve

The re-organisation reserve arose from the difference between carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under merger accounting principles.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 17. BORROWINGS

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<b>Current liabilities</b>		
Secured - Bankers' acceptances	33,256,790	18,265,426
- Hire purchase payables	255,105	81,505
- Invoice financing	714,888	694,854
- Receivable financing	1,427,686	1,813,954
- Revolving financing	-	3,187,164
- Term loans	940,161	1,280,366
- Trade financing	950,234	-
	37,544,864	25,323,269
<b>Non-current liabilities</b>		
Secured - Hire purchase payables	229,601	122,033
- Term loans	25,997,551	37,748,542
	26,227,152	37,870,575
	63,772,016	63,193,844
<b>Total borrowings</b>		
Secured - Bankers' acceptances	33,256,790	18,265,426
- Hire purchase payables	484,706	203,538
- Invoice financing	714,888	694,854
- Receivable financing	1,427,686	1,813,954
- Revolving financing	-	3,187,164
- Term loans	26,937,712	39,028,908
- Trade financing	950,234	-
	63,772,016	63,193,844

(a) The borrowings are secured by the followings:

- (i) Freehold land and buildings of the Group (Note 7);
- (ii) Leasehold land of the Group (Note 8);
- (iii) Corporate guarantee by the Company;
- (iv) Corporate guarantee by holding company, Synergy House Furniture Holdings Sdn. Bhd.;
- (v) Fixed deposits with licensed banks (Note 14);
- (vi) Joint and several guarantee by certain directors of the Group;
- (vii) Assignment of Sun Inspirasi policy issued by Sun Life Malaysia Takaful Berhad under insured person covered name of directors of the Company;
- (viii) Guarantee cover for 80% of the facilities and interest thereon from the Government of Malaysia under Special Relief Facility Scheme ("SRFS") as administered by Syarikat Jaminan Pembiayaan Perniagaan Berhad;
- (ix) Letter of Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under Working Capital Guarantee Scheme;
- (x) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) under PEMULIH Government Guarantee Scheme (PGGS) for 80% of the principal amount and profit outstanding; and
- (xi) Guarantee by Syarikat Jaminan Pembiayaan Berhad (SJPP) under Government Guarantee Scheme Covid-19 (GGS Prihatin).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 17. BORROWINGS (CONT'D)

(b) The borrowings of the Group at the end of each reporting period bear effective annual interest rates as follows:

	The Group	
	31.12.2023	31.12.2022
	%	%
Bankers' acceptances	3.91 - 6.95	4.45 - 5.24
Hire purchase payables	4.71 - 6.24	4.71 - 6.24
Invoice financing	8.15	7.90
Receivable financing	4.67 - 4.77	4.34 - 6.07
Revolving financing	-	6.10
Term loans	3.50 - 7.70	3.50 - 9.90
Trade financing	5.33 - 5.42	-

#### 18. LEASE LIABILITIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
At 1 January	759,756	643,999
Additions (Note 33(b))	261,736	885,365
Interest expense recognised in profit or loss (Note 26)	37,022	48,733
Repayment of principal	(322,959)	(535,021)
Repayment of interest expense	(37,022)	(48,733)
Derecognition due to lease modification (Note 33(b))	(33,236)	(234,587)
At 31 December	665,297	759,756
<b>Analysed by:</b>		
Current liabilities	463,880	320,699
Non-current liabilities	201,417	439,057
	665,297	759,756

The lease liabilities of the Group at the end of each reporting period bear effective annual interest rates as follows:

	The Group	
	31.12.2023	31.12.2022
	%	%
Effective annual interest rates	5.85	7.00

#### 19. DEFERRED TAX LIABILITIES

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<b>(a) Movement of deferred tax liabilities</b>		
At 1 January	2,688,098	2,101,277
Recognised in profit or loss (Note 29)	-	183,723
Recognised in other comprehensive income (Note 30)	-	403,098
At 31 December	2,688,098	2,688,098

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 19. DEFERRED TAX LIABILITIES (CONT'D)

	The Group	
	31.12.2023	31.12.2022
	RM	RM
<b>(b) Components of deferred tax liabilities</b>		
Excess of capital allowances over corresponding book depreciation	453,000	568,000
Other temporary differences	(182,130)	(297,130)
Revaluation surplus of property, plant and equipment and right-of-use assets	2,417,228	2,417,228
	2,688,098	2,688,098

#### 20. TRADE PAYABLES

The normal trade terms granted to the Group by suppliers range from cash to 45 days credit (31.12.2022: cash term to 60 days credit).

#### 21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Accruals	777,766	726,951	89,417	298,000
Accrued purchases	3,549,017	1,205,401	-	-
Deposit received	200,000	64,000	-	-
Amount owing to subsidiaries	-	-	15,762	-
Amount owing to related party	-	-	-	825,210
Customers deposits	708,103	149,427	-	-
Goods and services tax payables	600,954	31,508	-	-
Provision for bonus	2,000,000	1,284,000	-	-
Provision of rebates to customers	2,750,422	453,330	-	-
Sundry payables	4,299,254	2,700,960	17,287	-
	14,885,516	6,615,577	122,466	1,123,210

(a) As at 31 December 2023, included in sundry payables is an amount of RM 75,022 payable for the purchase of property, plant and equipment (Note 33).

(b) The amount owing to subsidiaries and related party are unsecured, interest-free and repayable on demand.

#### 22. DIVIDEND PAYABLE

A first single-tier interim dividend of approximately 1 sen per ordinary share amounting to RM5,000,000 in respect of the financial year ended 31 December 2023 was declared on 28 December 2023 and paid on 31 January 2024.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 23. REVENUE

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>Revenue from contracts with customers</b>				
<u>Recognised at a point in time</u>				
Sales of ready-to-assemble home furniture	270,171,697	194,093,049	-	-
<b>Revenue from other source</b>				
Dividend income	-	-	9,100,000	-
	<u>270,171,697</u>	<u>194,093,049</u>	<u>9,100,000</u>	<u>-</u>

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 35(b) to the financial statements.

(b) Revenue from sale of ready-to-assemble home furniture is recognised at a point in time when goods have been transferred and accepted by customers, net of discount.

Some sale contracts allow the customers to return the goods within a specified period. The Group uses the expected value method to estimate goods that will not be returned in arriving at the amount of revenue. There is no material warranty provided to the customers on the sale of goods.

There is no significant financing component in the selling price as the sales are made on a cash term.

(c) Dividend income is recognised when the right to receive dividend payment is established.

#### 24. KEY MANAGEMENT PERSONNEL

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>Executive directors</b>				
Salaries, bonuses and other benefits	1,445,021	1,446,012	-	-
Defined contribution benefits	172,800	172,800	-	-
	<u>1,617,821</u>	<u>1,618,812</u>	<u>-</u>	<u>-</u>
<b>Non-executive directors</b>				
Fee	252,000	252,000	252,000	294,000
	<u>1,869,821</u>	<u>1,870,812</u>	<u>252,000</u>	<u>294,000</u>
Estimated monetary value of benefits-in-kind	15,300	15,300	-	-
<b>Other key management personnel</b>				
Salaries, bonuses and other benefits	586,589	537,787	-	-
Defined contribution benefits	65,733	56,784	-	-
	<u>652,322</u>	<u>594,571</u>	<u>-</u>	<u>-</u>
	<u>2,522,143</u>	<u>2,465,383</u>	<u>252,000</u>	<u>294,000</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 25. EMPLOYEE BENEFITS

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>Key management personnel (Note 24)</b>	2,522,143	2,465,383	252,000	294,000
<b>Other staff costs</b>				
Salaries, bonuses and other benefits	10,256,150	7,311,269	-	-
Defined contribution benefits	1,042,314	616,260	-	-
	11,298,464	7,927,529	-	-
	13,820,607	10,392,912	252,000	294,000

#### 26. FINANCE COSTS

	The Group	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM
Bankers' acceptances	1,825,732	697,019
Hire purchase payables	21,644	13,861
Invoice financing	51,014	26,042
Lease liabilities	37,022	48,733
Revolving financing	63,580	674,673
Term loans	1,867,281	1,882,751
Trade financing	23,353	-
	3,889,626	3,343,079
Bill receivable charges	38,399	40,622
Credit card charges	9,477	26,716
	3,937,502	3,410,417

#### 27. REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

	The Group	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM
Reversal of impairment losses on trade receivables	-	(10,840)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 28. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>This is arrived at after charging:</b>				
Auditors' remuneration:				
- audit fees:				
- current financial year	138,000	95,500	33,000	3,000
- underprovision in previous financial year	33,250	-	-	-
- non-audit fee:				
- auditors of the Company	5,000	-	5,000	-
- member firms of the auditors of the Company	23,100	14,200	2,700	-
Deposits forfeited	2,000	-	-	-
Depreciation of property, plant and equipment	1,357,317	976,854	-	-
Depreciation of right-of-use assets	584,750	744,974	-	-
Incorporation fee	-	6,482	-	6,482
Inventories written down	211,380	161,235	-	-
Listing expenses	896,108	386,506	896,108	386,506
Unrealised loss on foreign exchange	2,431,372	267,880	-	-
Property, plant and equipment written off	11,747	4,981	-	-
Rental expenses:				
- equipment	1,440	1,204	-	-
- forklift	116,450	87,650	-	-
- hostel	10,000	-	-	-
- land	3,200	19,600	-	-
- office	103,423	-	-	-
- warehouse	-	29,311	-	-
Short-term lease:				
- factory	95,400	159,000	-	-
- hostel	43,386	8,400	-	-
<b>And (crediting):</b>				
Fair value gain on financial assets measured at fair value through profit or loss	(73,973)	-	-	-
Dividend income from short-term investment	(316,036)	-	(223,366)	-
Gain on disposal of property, plant and equipment	(9,345)	(12,232)	-	-
Gain on derecognition due to lease modification	(2,582)	(39,871)	-	-
Realised gain on foreign exchange	(2,465,402)	(1,049,184)	-	-
Interest income on financial assets measured at amortised cost	(284,937)	(181,198)	(80,795)	-
Reversal of inventories previously written down	(65,247)	(23,101)	-	-
Rental income	(264,000)	(384,000)	-	-

#### 29. INCOME TAX EXPENSE

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
Current tax expense	10,259,522	6,408,000	19,000	-
Underprovision in previous financial year	193,876	182,540	-	-
	10,453,398	6,590,540	19,000	-
Deferred tax (Note 19):				
- Origination of temporary differences	-	62,000	-	-
- Underprovision in previous financial year	-	121,723	-	-
	-	183,723	-	-
	10,453,398	6,774,263	19,000	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 29. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
Profit/(loss) before tax	37,601,508	23,398,879	7,941,513	(781,632)
Tax at statutory income tax rate	9,048,000	5,633,000	1,906,000	(187,592)
Tax effect of non-deductible expense	1,655,522	845,000	297,000	187,592
Tax effect of non-taxable income	(625,000)	(217,000)	(2,184,000)	-
Deferred tax assets not recognised	181,000	209,000	-	-
Underprovision in previous financial year:				
- current tax expense	193,876	182,540	-	-
- deferred tax expense	-	121,723	-	-
	10,453,398	6,774,263	19,000	-

The income tax rate at the Malaysian statutory tax rate of 24% (31.12.2022: 24%) of the estimated assessable profit for the financial year.

#### 30. OTHER COMPREHENSIVE INCOME

	The Group	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation of property, plant and equipment	-	44,917
Revaluation of right-of-use assets	-	1,634,659
Less: Deferred tax liabilities	-	(403,098)
	-	1,276,478

#### 31. EARNINGS PER SHARE

##### (a) Basic earnings per ordinary share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year after deducting for treasury shares held by the Company.

	The Group	
	31.12.2023 RM	31.12.2022 RM
Profit after taxation attributable to owners of the Company	27,148,110	16,624,616
	Units	Units*
Weighted average number of ordinary shares in issue	466,904,110	420,000,000
Basic earnings per share (RM)	0.06	0.04

\* In the calculation of earnings per share for the financial year ended 31 December 2022, it is assumed that 420,000,000 ordinary shares were in issue as the acquisition of subsidiaries was accounted for under the merger of accounting.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 31. EARNINGS PER SHARE (CONT'D)

##### (b) Diluted earnings per ordinary share

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

#### 32. DIVIDENDS

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>In respect of financial year ended 31 December 2023</b>				
First interim dividend	5,000,000	-	5,000,000	-
<b>In respect of financial year ended 31 December 2022</b>				
<b><u>Synergy House Furniture Sdn. Bhd.</u></b>				
First interim dividend	-	4,600,000	-	-
Second interim dividend	700,000	-	-	-
<b><u>Sunny &amp; Ker Furniture Industries Sdn. Bhd.</u></b>				
First interim dividend	-	1,100,000	-	-
<b>In respect of financial year ended 31 December 2021</b>				
<b><u>Sunny &amp; Ker Furniture Industries Sdn. Bhd.</u></b>				
Final dividend	-	200,000	-	-
	5,700,000	5,900,000	5,000,000	-

On 27 February 2024, the Company declared a second interim dividend of 0.6 sen per ordinary share amounting to RM3,000,000 in respect of the current financial year, payable on 22 March 2024, to shareholders whose names appeared in the record of depositors on 12 March 2024. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

#### 33. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:

	The Group	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 7)	2,602,984	10,507,884
Cash paid in respect of acquisition in previous financial year	-	14,350
Acquired through hire purchase arrangements	(479,200)	-
Deposits paid in previous financial year	(239,168)	(855,793)
Unpaid balances included in sundry payables (Note 21)	(75,022)	-
Cash paid during the financial year	1,809,594	9,666,441
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 8)	261,736	885,365
Addition of new lease liabilities (Note 18)	(261,736)	(885,365)
Cash paid during the financial year	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers'	Hire	Invoice	Receivable	Revolving	Term	Trade	Lease	Total
	acceptances	purchase	financing	financing	financing	loans	financing	liabilities	
	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2023	18,265,426	203,538	694,854	1,813,954	3,187,164	39,028,908	-	759,756	63,953,600
<u>Changes in financing cash flows</u>									
Proceeds from drawdown	99,466,594	-	2,785,170	30,068,800	-	-	2,269,595	-	134,590,159
Repayment of borrowing principal	(84,592,471)	(198,032)	(2,765,136)	(30,432,932)	(3,187,164)	(12,091,196)	(1,319,361)	(322,959)	(134,909,251)
Repayment of borrowing interest	(1,581,352)	(21,644)	(51,014)	-	(63,580)	(1,867,281)	(23,353)	(37,022)	(3,645,246)
	13,292,771	(219,676)	(30,980)	(364,132)	(3,250,744)	(13,958,477)	926,881	(359,981)	(3,964,338)
<u>Non-cash changes</u>									
Acquisition of new lease	-	-	-	-	-	-	-	261,736	261,736
Acquisition of new hire purchase	-	479,200	-	-	-	-	-	-	479,200
Derecognition due to lease modification	-	-	-	-	-	-	-	(33,236)	(33,236)
Foreign currency adjustment	117,241	-	-	(22,136)	-	-	-	-	95,105
Accrued interests	(244,380)	-	-	-	-	-	-	-	(244,380)
Finance charges recognised in profit or loss	1,825,732	21,644	51,014	-	63,580	1,867,281	23,353	37,022	3,889,626
	1,698,593	500,844	51,014	(22,136)	63,580	1,867,281	23,353	265,522	4,448,051
At 31 December 2023	33,256,790	484,706	714,888	1,427,686	-	26,937,712	950,234	665,297	64,437,313

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Group	Bankers'	Hire	Invoice	Receivable	Revolving	Term	Lease	Total
	acceptances	purchase	financing	financing	financing	loans	liabilities	
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2022	8,908,000	282,073	377,478	1,609,240	13,220,482	36,569,171	643,9989	61,610,442
<u>Changes in financing cash flows</u>								
Proceeds from drawdown	72,294,455	-	1,965,262	24,998,111	3,187,163	4,720,000	-	107,164,991
Repayment of borrowing principal	(62,817,374)	(78,535)	(1,647,886)	(24,793,397)	(13,220,481)	(2,260,263)	(535,021)	(105,352,956)
Repayment of borrowing interest	(697,019)	(13,861)	(26,042)	-	(674,673)	(1,882,751)	(48,733)	(3,343,079)
	8,780,062	(92,396)	291,334	204,714	(10,707,991)	576,986	(583,754)	(1,531,044)
<u>Non-cash changes</u>								
Acquisition of new lease	-	-	-	-	-	-	885,365	885,365
Derecognition due to lease modification	-	-	-	-	-	-	(234,587)	(234,587)
Foreign currency adjustment	(119,655)	-	-	-	-	-	-	(119,655)
Finance charges recognised in profit or loss	697,019	13,861	26,042	-	674,673	1,882,751	48,733	3,343,079
	577,364	13,861	26,042	-	674,673	1,882,751	699,511	3,874,202
At 31 December 2022	18,265,426	203,538	694,854	1,813,954	3,187,164	39,028,908	759,756	63,953,600

(c) The total cash outflow for leases as a lessee are as follows:

	The Group	
	01.01.2023	01.01.2022
	to	to
	31.12.2023	31.12.2022
	RM	RM
Payment of short-term leases	138,786	167,400
Payment of lease liabilities	322,959	535,020
Interest paid on lease liabilities	37,022	48,733
	498,767	751,153

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 33. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
Short-term investment	21,316,036	-	14,723,366	-
Fixed deposits with licensed banks	11,892,366	12,703,611	-	-
Cash and bank balances	13,449,635	14,723,301	16,405	2
	<hr/> 46,658,037	<hr/> 27,426,912	<hr/> 14,739,771	<hr/> 2
Less: Fixed deposits pledged with licensed banks	(11,892,366)	(10,627,033)	-	-
	<hr/> 34,765,671	<hr/> 16,799,879	<hr/> 14,739,771	<hr/> 2

#### 34. RELATED PARTY DISCLOSURES

##### (a) Holding company and subsidiaries

The holding company is disclosed in Note 3 to the financial statements.

The subsidiaries as disclosed in Note 6 to the financial statements.

##### (b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
<b>Holding company</b>				
Dividend paid	700,000	5,900,000	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	(9,100,000)	-
<b>Companies in which the directors have substantial financial interest</b>				
Interest income	-	(81,725)	-	-
Rental expenses	103,800	406,800	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective note to the combined financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 35. OPERATING SEGMENTS

##### (a) Business segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely trading of all types of furniture and related products.

##### (b) Geographical information

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented, as non-current assets are located in Malaysia.

Segmental revenue is presented based on the geographical location of the customers.

	The Group		The Company	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM	01.01.2023 to 31.12.2023 RM	03.08.2021 to 31.12.2022 RM
Asia (excluding Malaysia)	2,074,687	3,013,158	-	-
United Arab Emirates	31,204,449	22,557,058	-	-
United Kingdom	88,495,908	82,286,906	-	-
United States America	139,177,074	75,723,667	-	-
Malaysia	8,752,245	10,354,806	9,100,000	-
Others	467,334	157,454	-	-
	<u>270,171,697</u>	<u>194,093,049</u>	<u>9,100,000</u>	<u>-</u>

##### (c) Major customers

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

	The Group	
	01.01.2023 to 31.12.2023 RM	01.01.2022 to 31.12.2022 RM
Customer A	91,590,625	37,190,570
Customer B	34,372,433	34,827,923
Customer C	<u>34,940,518</u>	<u>32,425,013</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

##### 36.1 Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

###### (a) Market risk

###### (i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily United States Dollar ("USD") and Great Britain Pound ("GBP"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The exposure to foreign currency risk (a currency which is other than functional currency of the entities within the group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

###### *Foreign currency exposure*

The Group 31.12.2023	USD RM	GBP RM	RM RM	Others RM	Total RM
<b>Financial assets</b>					
Trade receivables	60,122,031	3,145,141	7,534	213,214	63,487,920
Other receivables	33,632	-	141,835	-	175,467
Cash and bank balances	7,421,710	174,089	5,846,836	7,000	13,449,635
	67,577,373	3,319,230	5,996,205	220,214	77,113,022
<b>Financial liabilities</b>					
Trade payables	1,311,273	-	27,783,051	-	29,094,324
Other payables and accruals	3,700,412	10,719	1,365,889	-	5,077,020
Borrowings	1,754,206	-	62,017,810	-	63,772,016
	6,765,891	10,719	91,166,750	-	97,943,360
Net financial assets/(liabilities)	60,811,482	3,308,511	(85,170,545)	220,214	(20,830,338)
Less: Net financial liabilities denominated in the respective entities' functional currency	-	-	85,170,545	-	85,170,545
Currency exposure	60,811,482	3,308,511	-	220,214	64,340,207

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

###### (a) Market risk (Cont'd)

###### (i) Foreign currency risk (Cont'd)

###### Foreign currency exposure (Cont'd)

The Group 31.12.2022	USD RM	GBP RM	RM RM	Others RM	Total RM
<b>Financial assets</b>					
Trade receivables	15,069,785	113,034	220,342	1,196	15,404,357
Other receivables	83,808	-	266,532	-	350,340
Cash and bank balances	5,496,179	4,966	9,218,278	3,878	14,723,301
	20,649,772	118,000	9,705,152	5,074	30,477,998
<b>Financial liabilities</b>					
Trade payables	1,611,429	-	8,160,876	-	9,772,305
Other payables and accruals	2,090,192	78,308	1,259,411	-	3,427,911
Borrowings	4,981,379	-	58,212,465	-	63,193,844
	8,683,000	78,308	67,632,752	-	76,394,060
Net financial assets/(liabilities)	11,966,772	39,692	(57,927,600)	5,074	(45,916,062)
Less: Net financial liabilities denominated in the respective entities' functional currency	-	-	57,927,600	-	57,927,600
Currency exposure	11,966,772	39,692	-	5,074	12,011,538

###### Foreign currency risk sensitivity analysis

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

	The Group	
	31.12.2023 RM	31.12.2022 RM
<b>Effects on profit after tax</b>		
USD/RM		
- strengthened by 5%	2,310,836	454,737
- weakened by 5%	(2,310,836)	(454,737)
GBP/RM		
- strengthened by 5%	125,723	1,508
- weakened by 5%	(125,723)	(1,508)

There is no impact on the Group's and the Company's equity.

The Company does not has any transaction or balances denominated in foreign currency and hence, is not exposed to foreign currency risk.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

###### (a) Market risk (Cont'd)

###### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group and the Company adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17 to the financial statements.

###### *Interest rate risk sensitivity analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

###### (iii) Equity price risk

The Group and the Company do not have any quoted investments and hence is not exposed to equity price risk.

###### (b) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

###### (i) Credit risk concentration profile

The Group's major concentration of credit risk that accounted for the balances of each is equal to or more than 10% of total trade receivables at the end of the reporting period is as follows:

	The Group	
	31.12.2023	31.12.2022
Number of customers	2	4
% of trade receivables	71%	78%

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

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

###### (i) Credit risk concentration profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of each reporting period is as follows:

	The Group	
	31.12.2023	31.12.2022
	RM	RM
United Arab Emirates	4,218,474	1,767,744
United Kingdom	11,308,132	7,329,503
United States America	47,529,732	6,085,068
Canada	231,965	1,894
Germany	28,787	-
Asia (excluding Malaysia)	163,296	-
Malaysia	7,534	220,148
	63,487,920	15,404,357

###### (ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of each reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

###### (iii) Assessment of impairment losses

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

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

###### (iii) Assessment of impairment losses (Cont'd)

###### Trade receivables

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

###### *Inputs, assumptions and techniques used for estimating impairment losses*

To measure the expected credit losses, trade receivables (excluding related party) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (31.12.2022: 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

###### *Allowance for impairment losses*

	Gross amount RM	Individual impairment RM	Carrying amount RM
<b>The Group</b>			
<b>31.12.2023</b>			
Current (not past due)	52,803,185	-	52,803,185
1 to 30 days past due	10,492,251	-	10,492,251
31 to 60 days past due	146,309	-	146,309
61 to 90 days past due	33,747	-	33,747
	63,475,492	-	63,475,492
Credit impaired:			
More than 90 days past due	39,880	(27,452)	12,428
	63,515,372	(27,452)	63,487,920
<b>31.12.2022</b>			
Current (not past due)	11,398,070	-	11,398,070
1 to 30 days past due	3,943,926	-	3,943,926
31 to 60 days past due	56,076	-	56,076
61 to 90 days past due	2,674	-	2,674
	15,400,746	-	15,400,746
Credit impaired:			
More than 90 days past due	31,063	(27,452)	3,611
	15,431,809	(27,452)	15,404,357

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

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

###### (iii) Assessment of impairment losses (Cont'd)

###### Trade receivables (Cont'd)

###### *Allowance for impairment losses (Cont'd)*

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10 to the financial statements.

###### **The Company**

The Company do not have any trade receivables and hence is not exposed to impairment requirement under MFRS 9.

###### Other receivables and amount owing by related parties

Other receivables and amount owing by related parties are also subject to the impairment requirements of MFRS 9. Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

###### Fixed deposits with licensed banks, cash and bank balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

###### Financial guarantee contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

###### *Inputs, assumptions and techniques used for estimating impairment losses*

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

###### *Allowance for impairment losses*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

###### (c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

###### *Maturity analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period 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):

The Group	Contractual annual interest rate %	Contractual Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
<b>31.12.2023</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	-	29,094,324	29,094,324	29,094,324	-	-
Other payables and accruals	-	5,077,020	5,077,020	5,077,020	-	-
Dividend payable	-	5,000,000	5,000,000	5,000,000	-	-
Borrowings:						
- Bankers' acceptances	3.91 - 6.95	33,256,790	33,256,790	33,256,790	-	-
- Hire purchase payables	4.71 - 6.24	484,706	522,143	282,460	239,683	-
- Invoice financing	8.15	714,888	714,888	714,888	-	-
- Receivable financing	4.67 - 4.77	1,427,686	1,427,686	1,427,686	-	-
- Term loans	3.50 - 7.70	26,937,712	39,160,147	2,522,235	7,122,463	29,515,449
- Trade financing	5.33 - 5.42	950,234	950,234	950,234	-	-
Lease liabilities	5.85	665,297	694,865	490,493	204,372	-
		98,608,657	110,898,097	73,816,130	7,566,518	29,515,449
<b>31.12.2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	-	9,772,305	9,772,305	9,772,305	-	-
Other payables and accruals	-	3,427,911	3,427,911	3,427,911	-	-
Borrowings:						
- Bankers' acceptances	4.45 - 5.24	18,265,426	18,265,426	18,265,426	-	-
- Hire purchase payables	4.71 - 6.24	203,538	217,560	90,636	126,924	-
- Invoice financing	7.90	694,854	694,854	694,854	-	-
- Receivable financing	4.34 - 6.07	1,813,954	1,813,954	1,813,954	-	-
- Revolving financing	6.10	3,187,164	3,187,164	3,187,164	-	-
- Term loans	3.50 - 9.90	39,028,908	57,614,657	3,525,684	10,426,951	43,662,022
Lease liabilities	7.00	759,756	812,897	356,032	456,865	-
		77,153,816	95,806,728	41,133,966	11,010,740	43,662,022

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.1 Financial risk management policies (Cont'd)

##### (c) Liquidity risk (Cont'd)

##### Maturity analysis (Cont'd)

The Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
<b>31.12.2023</b>			
<b>Non-derivative financial liabilities</b>			
Other payables and accruals	122,466	122,466	122,466
Dividend payable	5,000,000	5,000,000	5,000,000
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries *	-	19,613,940	19,613,940
	<u>122,466</u>	<u>19,736,406</u>	<u>19,736,406</u>
<b>31.12.2022</b>			
<b>Non-derivative financial liabilities</b>			
Other payables and accruals	1,123,210	1,123,210	1,123,210
	<u>1,123,210</u>	<u>1,123,210</u>	<u>1,123,210</u>

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition were not material.

##### 36.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on net debt-to-equity ratio that complies with debt covenants and regulatory, if any. The net debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, borrowings and lease liabilities less cash and cash equivalents. The net debt-to-equity ratios of the Group at the end of the reporting period was as follows:

	The Group	
	31.12.2023 RM	31.12.2022 RM
Borrowings	63,772,016	63,193,844
Lease liabilities	665,297	759,756
	<u>64,437,313</u>	<u>63,953,600</u>
Less: Short-term investment	(21,316,036)	-
Fixed deposits with licensed banks	(11,892,366)	(12,703,611)
Cash and bank balances	(13,449,635)	(14,723,301)
	<u>17,779,276</u>	<u>36,526,688</u>
Net debt		
Total equity	100,819,117	46,349,885
	<u>0.18</u>	<u>0.79</u>
Net debt-to-equity ratio		

There was no change in the Group's approach to capital management during the financial year.

Not applicable as the Company's cash and cash equivalents exceed its borrowings.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.3 Classification of financial instruments

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Financial assets</b>				
<u>Fair value through profit or loss</u>				
Short-term investment	21,316,036	-	14,723,366	-
Derivative assets	73,973	-	-	-
	21,390,009	-	14,723,366	-
<u>Amortised cost</u>				
Trade receivables	63,487,920	15,404,357	-	-
Other receivables	175,467	350,340	-	-
Fixed deposits with licensed banks	11,892,366	12,703,611	-	-
Cash and bank balances	13,449,635	14,723,301	16,405	2
	89,005,388	43,181,609	16,405	2
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Trade payables	29,094,324	9,772,305	-	-
Other payables and accruals	5,077,020	3,427,911	122,466	1,123,210
Dividend payable	5,000,000	-	5,000,000	-
Borrowings	63,772,016	63,193,844	-	-
Lease liabilities	665,297	759,756	-	-
	103,608,657	77,153,816	122,466	1,123,210

##### 36.4 Gain or loss arising from financial instruments

	The Group		The Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
<b>Financial assets</b>				
<u>Fair value through profit or loss</u>				
Net gain recognised in profit or loss	316,036	-	223,366	-
<u>Amortised cost</u>				
Net (loss)/gain recognised in profit or loss	(2,124,636)	(189,938)	80,795	-
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Net loss recognised in profit or loss	(3,874,404)	(3,177,841)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 36. FINANCIAL INSTRUMENTS (CONT'D)

##### 36.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>The Group</b>								
<b>31.12.2023</b>								
<b>Financial asset</b>								
Short-term investment	-	21,316,036	-	-	-	-	21,316,036	21,316,036
<b>Financial liabilities</b>								
Hire purchase payables	-	-	-	-	484,706	-	484,706	484,706
Term loans	-	-	-	-	26,937,712	-	26,937,712	26,937,712
<b>31.12.2022</b>								
<b>Financial liabilities</b>								
Hire purchase payables	-	-	-	-	203,538	-	203,538	203,538
Term loans	-	-	-	-	39,028,908	-	39,028,908	39,028,908
<b>The Company</b>								
<b>31.12.2023</b>								
<b>Financial asset</b>								
Short-term investment	-	14,723,366	-	-	-	-	14,723,366	14,723,366

##### (a) Fair value of financial instruments carried at fair value

The fair value of short-term investment is determined by reference to statements provided by the financial institutions with which the investment was entered into.

##### (b) Fair value of financial instruments not carried at fair value

- (i) The fair value of hire purchase that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.
- (ii) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 37. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 6 December 2021 and 25 May 2022, the Company entered into a conditional share sale agreement and its supplemental agreement respectively to dispose the entire equity interests in Synergy House Furniture Sdn. Bhd., Synergy House International Sdn. Bhd., and Sunny & Ker Furniture Industries Sdn. Bhd..

The purchase consideration was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets of position Synergy House Furniture Sdn. Bhd., Synergy House International Sdn. Bhd., and Sunny & Ker Furniture Industries Sdn. Bhd. respectively, as at 31 December 2021.

The acquisitions were completed on 20 January 2023.

## LIST OF PROPERTIES

No.	Location	Tenure	Description	Existing use	Land area / Built-up area (approximate)	Approx. age of building (year)	Revaluation Date	Net book value as at 31 December 2023 (RM'000)
1.	No. 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26 & 28, Lorong Sultan Mohamed 25A, Taman IKS PKNS, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor	Leasehold of 99 years expiring on 30 June 2105	14 units of 3-storey terrace corner shop office	Showroom	Land area 22,603 sq. ft.  Built-up area 67,749 sq. ft.	17	11 May 2022	5,610
2.	No. 17, 19, 21 & 23, Lorong Sultan Mohamed 25A, Taman IKS PKNS, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor	Leasehold of 99 years expiring on 30 June 2105	4 units of 1½-storey intermediate terrace factory	Prototype assembly facility	Land area 9,600 sq. ft.  Built-up area 10,040 sq. ft.	17	11 May 2022	1,356
3.	No. 7, Jalan Astana 1F/KU2, Bandar Bukit Raja, 41050 Klang, Selangor	Freehold	Individually designed warehouse comprising of:  (a) 3-storey building; (b) single storey warehouse annexed; (c) guard house; (d) pump house; and (e) refuse chamber.	Not in use by company	Land area 90,546 sq. ft.  Built-up area <u>3-storey building</u> 18,988 sq. ft.  <u>Warehouse</u> 32,164 sq. ft.  <u>Guard house, pump house and refuse chamber</u> 336 sq. ft.	3	11 May 2022	20,498
4.	Persiaran Sultan Alauddin KU17, Kawasan Perindustrian Bandar Sultan Sulaiman Fasa 4, 42000, Pelabuhan Klang, Selangor	Leasehold of 99 years expiring on 7 December 2110	A parcel of land	Vacant	Land area 310,456 sq. ft.  Built-up area Not applicable	Not applicable	11 May 2022	21,326

## ANALYSIS OF SHAREHOLDINGS

### ANALYSIS BY SIZE OF HOLDINGS AS AT 29 MARCH 2024

Class of Shares	: Ordinary Shares
Voting Rights by poll	: One vote for every share held
Issued and Paid-up Capital	: 500,000,000 Ordinary Shares

### DISTRIBUTION OF SHAREHOLDINGS AND NUMBER OF SHAREHOLDERS AS AT 29 MARCH 2024

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	1	0.077	44	0.000
100 – 1,000	235	18.259	109,900	0.021
1,001 – 10,000	574	44.599	3,110,700	0.622
10,001 – 100,000	348	27.039	11,948,900	2.389
100,001 – 24,999,999*	128	9.945	114,830,456	22.966
25,000,000 and above**	1	0.077	370,000,000	74.000
<b>Total</b>	<b>1,287</b>	<b>100.000</b>	<b>500,000,000</b>	<b>100.000</b>

\* - Less than 5% of issued shares

\*\* - 5% and above of issued shares

### LIST OF SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

Name	No. of Shares			
	Direct	%	Indirect	%
CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Synergy House Furniture Holdings Sdn Bhd (PB)</i>	370,000,000	74.00	-	-
Tan Eu Tah	600,000	0.12	370,000,000	<sup>(1)</sup> 74.00
Teh Yee Luen	1,488,000	0.30	370,000,000	<sup>(1)</sup> 74.00

Note:

<sup>(1)</sup> Deemed interested by virtue of his interest in Synergy House Furniture Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

### LIST OF DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2024

Name	No. of Shares			
	Direct	%	Indirect	%
Tan Eu Tah	600,000	0.12	370,000,000	<sup>(1)</sup> 74.00
Teh Yee Luen	1,488,000	0.30	370,000,000	<sup>(1)</sup> 74.00
Mok Juan Chek	125,000	0.03	-	-
Yew Yong Ling	125,000	0.03	-	-
Lieu Pei Yee	78,000	0.02	-	-
Yong Kim Fui	125,000	0.03	-	-

Note:

<sup>(1)</sup> Deemed interested by virtue of his interest in Synergy House Furniture Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS PER RECORDS OF DEPOSITORS AS AT 29 MARCH 2024

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SYNERGY HOUSE FURNITURE HOLDINGS SDN BHD (PB)</i>	370,000,000	74.000
2	YEOH YEW CHOO	9,579,300	1.915
3	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD</i>	9,540,200	1.908
4	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD</i>	8,187,900	1.637
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM SOON POO (E-KLG/KAP)</i>	6,000,000	1.200
6	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	5,287,800	1.057
7	NIO VENTURES SDN. BHD.	4,850,000	0.970
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR FORTRESS CAPITAL ASSET MANAGEMENT (M) SDN BHD</i>	4,085,000	0.817
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)</i>	3,000,000	0.600
10	PIAU CHEZ SDN BHD	2,940,000	0.588
11	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR ANG KOK SEONG (M55015)</i>	2,822,500	0.564
12	LOW SU KIAN	2,503,000	0.454
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ANG KOK SEONG</i>	2,274,400	0.401
14	HSBC NOMINEES (ASING) SDN BHD <i>J.P. MORGAN SECURITIES PLC</i>	2,006,700	0.395
15	SHIN KAO JACK	1,976,400	0.386
16	HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ANG LAY TING</i>	1,930,100	0.300
17	AMANAHRAYA TRUSTEES BERHAD <i>PMB SHARIAH TACTICAL FUND</i>	1,500,000	0.297
18	PHILLIP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD</i>	1,488,100	0.297
19	TEH YEE LUEN	1,488,000	0.290
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR ETHEREAL-ALPHA EQ FUND (445329)</i>	1,450,000	0.260
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MTRUSTEE BERHAD FOR ETHEREAL CAPITAL SDN. BHD. (GROWTH FUND)(445788)</i>	1,301,000	0.252
22	WONG YOKE YUNG	1,260,000	0.250
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LIM SOO KIAM (E-KLG/JTH)</i>	1,250,000	0.240
24	TAN LYE BENG	1,204,000	0.239
25	TEH AH HUAT @ TEH KWI HUAT	1,195,000	0.229
26	CARTABAN NOMINEES (ASING) SDN BHD <i>THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND</i>	1,148,000	0.200
27	AMANAHRAYA TRUSTEES BERHAD	1,000,000	0.200
28	TOH SIEW TIN	1,000,000	0.200
29	YEW AH KOW	1,000,000	0.200
30	CHONG CHING YEE	890,000	0.178

## NOTICE OF SECOND ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Second Annual General Meeting (“AGM”) of Synergy House Berhad (“the Company”) will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities via TIH Online website at <https://tiah.online> from the broadcast venue at Tricor Business Centre, Manuka 2, 3 and 5, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“Broadcast Venue”) on **Tuesday, 28 May 2024 at 10:00 a.m.** to transact the following business:-

### AGENDA

#### Ordinary Business

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note (1) of the Explanatory Notes) |
| 2. | To re-elect the following Directors who are retiring by rotation in accordance with Clause 76(3) of the Company’s Constitution:-                           |   |
|    | (i) Mr Tan Eu Tah  | Ordinary Resolution 1                               |
|    | (ii) Mr Yong Kim Fui   | Ordinary Resolution 2                               |
| 3. | To approve the payment of Directors’ fees of RM252,000 for the financial year ending 31 December 2024.   | Ordinary Resolution 3                               |
| 4. | To approve the payment of Directors’ benefits of RM20,000 for the period from 29 May 2024 until the Third AGM of the Company to be held in 2025.           | Ordinary Resolution 4                               |
| 5. | To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.                 | Ordinary Resolution 5                               |

#### Special Business

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

- |    |  |                       |
|----|--|-----------------------|
| 6. | <b>AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</b>  |                       |
|    | “THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Ordinary Resolution does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company, or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company in a general meeting.” | Ordinary Resolution 6 |
| 7. | To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act 2016.   |                       |

#### BY ORDER OF THE BOARD

**FONG SEAH LIH (MAICSA 7062297) / (SSM PC No. 202008000973)**  
**THAM YIN TONG (MAICSA 7049718) / (SSM PC No. 202008001314)**  
 Company Secretaries

Kuala Lumpur  
 26 April 2024

## NOTICE OF SECOND ANNUAL GENERAL MEETING (CONT'D)

### Notes:

#### 1. IMPORTANT NOTICE

The Second AGM of the Company will be held virtually through live streaming and online remote voting using the RPV facilities via TIIH Online website at <https://tiih.online>. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **will not be allowed** to attend the Second AGM in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the Second AGM through the RPV facilities via TIIH Online website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the Second AGM in order to participate remotely through the RPV facilities.**

2. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the Second AGM through the RPV facilities must request his/her proxy or to register himself/herself for the RPV facilities at TIIH Online website at <https://tiih.online>. Procedures for the RPV facilities can be found in the Administrative Guide of the Second AGM.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
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 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. By electronic means via Tricor’s TIIH Online website at <https://tiih.online>

Please refer to the Administrative Guide of the Second AGM for further information on electronic lodgement of proxy form.

## NOTICE OF SECOND ANNUAL GENERAL MEETING (CONT'D)

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 26 May 2024 at 10:00 a.m..
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The certificate of appointment of authorised representative should be executed in the following manner:

- a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - i. at least two (2) authorised officers, of whom one shall be a director; or
    - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.

### Explanatory Notes to the Agenda:

#### Ordinary Business

1. Audited Financial Statement for the financial year ended 31 December 2023

The Audited Financial Statements are meant for discussion only as the approval from shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item will not be put forward for voting by shareholders of the Company.

2. Ordinary Resolutions 1 and 2  
Re-election of Directors

Mr Tan Eu Tah and Mr Yong Kim Fui are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Second AGM of the Company.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance, the profiles of the Directors are set out on pages 4 to 7 of the Annual Report 2023. For the purpose of determining the eligibility of the Directors to stand for re-election at the Second AGM of the Company, the Board had through its Nomination Committee ("NC"), considered, assessed and deliberated on the suitability and fit and properness of the retiring Directors.

## NOTICE OF SECOND ANNUAL GENERAL MEETING (CONT'D)

Based on the recommendation of the NC, the Board is supportive of their re-election with the following justifications:-

### Ordinary Resolution 1 – Re-election of Mr Tan Eu Tah as Non-Independent Executive Director

Mr Tan Eu Tah is mainly responsible to manage the Group's overall business operations and activities such as building and maintaining relationships with customers and suppliers, marketing expansion plans, as well as managing key operations division of the Group such as design & development, quality control and purchasing amongst others.

The Board is satisfied with his performance and contribution, and will continue to carry out his duty diligently and effectively and demonstrate his commitment to the roles.

### Ordinary Resolution 2 – Re-election of Mr Yong Kim Fui as Independent Non-Executive Director

Mr Yong Kim Fui's specialised knowledge and expertise in the accounting and finance function equipped him to make informed decisions and recommendations to the Company and also to properly carry out his responsibility as the Chairman of the Audit Committee of the Company.

The Board is satisfied with his performance and contribution, and will continue to carry out his duty diligently and effectively and demonstrate his commitment to the roles.

### 3. Ordinary Resolution 4 Directors' fees for the financial year ending 31 December 2024

The Directors' fees proposed for the financial year ending 31 December 2024 are calculated based on the current board size and the assessment on the performance of the Board by the Nomination Committee and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors' fees on current financial year basis.

In the event the Directors' fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

### 4. Ordinary Resolution 5 Directors' benefits for the period from 29 May 2024 until the Third AGM

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting.

The Directors' benefits (excluding Directors' fees, salaries and bonuses and statutory contributions) comprise benefits-in-kind for the Executive Directors.

### 5. Ordinary Resolution 6 Re-appointment of Auditors

The Board has through the Audit Committee, considered the re-appointment of Crowe Malaysia PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the Second AGM are disclosed in the Audit Committee Report of the 2023 Annual Report.

### 6. Ordinary Resolution 7 Authority to issue shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 7, if passed, will renew the mandate granted to the Directors at the First Annual General Meeting held on 2 February 2023 ("First AGM") and provide flexibility to the Directors to undertake fundraising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not issue and allot any shares pursuant to the mandate granted to the Directors at the First AGM as there was no requirement for such fundraising activities.



# SYNERGY HOUSE

Synergy House Berhad  
Reg No.: 202101025778 (1426078-V)

## PROXY FORM

CDS Account No.

No. of shares held

Telephone no. (During office hours) \_\_\_\_\_

I/We \_\_\_\_\_ NRIC (New)/ Company No \_\_\_\_\_  
*PLEASE USE BLOCK CAPITAL*

of \_\_\_\_\_  
*(FULL ADDRESS)*

being member(s) of **SYNERGY HOUSE BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\* (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting ("AGM") of the Company to be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities via TIH Online website at <https://tih.online> from the broadcast venue at Tricor Business Centre, Manuka 2, 3 and 5, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on **Tuesday, 28 May 2024 at 10:00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	Resolution	For	Against
Re-election of Mr Tan Eu Tah as Director in accordance with Clause 76(3) of the Company's Constitution	Ordinary Resolution 1		
Re-election of Mr Yong Kim Fui as Director in accordance with Clause 76(3) of the Company's Constitution	Ordinary Resolution 2		
Approval of Directors' fees of RM252,000 for the financial year ending 31 December 2024	Ordinary Resolution 3		
Approval of Directors' benefits of up to RM20,000 for the period from 29 May 2024 until the Third AGM of the Company to be held in 2025	Ordinary Resolution 4		
Re-appointment of Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
Special Business			
Authority to Issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
*Signature of Member(s) or/ Common Seal*

- \* Manner of execution:
- (a) If you are an individual member, please sign where indicated.
  - (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
  - (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
    - (i) at least two (2) authorised officers, of whom one shall be a director; or
    - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

**(1) IMPORTANT NOTICE**

The Second AGM of the Company will be held virtually through live streaming and online remote voting using the RPV facilities via TIIH Online website at <https://tiih.online>. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend the Second AGM in person at the Broadcast Venue on the day of the meeting. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Second AGM through the RPV facilities via TIIH Online website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the Second AGM in order to participate remotely through the RPV facilities.**

- (2) For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 20 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (3) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the Second AGM through the RPV facilities must request his/her proxy or to register himself/herself for the RPV facilities at TIIH Online website at <https://tiih.online>. Procedures for the RPV facilities can be found in the Administrative Guide of the Second AGM.
- (4) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
- (5) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- (6) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (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 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (8) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

- (9) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

ii. By electronic means via Tricor's TIIH Online website at <https://tiih.online>

Please refer to the Administrative Guide for further information on electronic lodgement of proxy form.

- (10) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- (11) Last date and time for lodging the proxy form is Sunday, 26 May 2024 at 10:00 a.m.
- (12) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (13) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The certificate of appointment of authorised representative should be executed in the following manner:

- a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
- b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - i. at least two (2) authorised officers, of whom one shall be a director; or
  - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

- (14) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of general meeting will be put to vote by way of poll.





**SYNERGY HOUSE BERHAD**

(Registration No.: 202101025778 (1426078-V))  
(Incorporated in Malaysia under the Companies Act 2016)

Lot 18.A & 18.B & Lot 19.A,  
Level 18 & 19, Top Glove Tower,  
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