



HHRG BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2025

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2025 ⁽¹⁾ RM'000	Preceding Year Corresponding Quarter 31.12.2024 RM'000	Current Year Period 31.12.2025 ⁽¹⁾ RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000
Revenue	27,069	32,979	27,069	32,979
Cost of sales	(17,755)	(23,295)	(17,755)	(23,295)
Gross profit	9,314	9,684	9,314	9,684
Other income	80	4,217	80	4,217
Administrative expenses	(5,998)	(9,886)	(5,998)	(9,886)
Selling and distribution expenses	(473)	(736)	(473)	(736)
Allowance for expected credit losses on trade receivables				
- Addition	-	-	-	-
- Reversal	-	-	-	-
Operating profit	2,923	3,279	2,923	3,279
Finance income	-	75	-	75
Finance costs	(287)	(343)	(287)	(343)
Profit before tax	2,636	3,011	2,636	3,011
Taxation	(559)	(484)	(559)	(484)
Total comprehensive income	2,077	2,527	2,077	2,527
Total comprehensive income attributable to:				
- Owners of HHRG	2,548	2,660	2,548	2,660
- Non-controlling interests	(471)	(133)	(471)	(133)
	2,077	2,527	2,077	2,527
Earnings per share (sen) attributable to owners of HHRG:				
- Basic ⁽²⁾	0.23	0.28	0.23	0.28
- Diluted ⁽²⁾	0.22	0.27	0.22	0.27

Notes:

⁽¹⁾ The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Kindly refer to Note B8 for further details.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2025 ⁽¹⁾ RM'000 (unaudited)	As at 30.09.2025 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	163,903	165,100
Investment properties	11,148	11,188
Right-of-use assets	7,546	8,334
Inventories	26,083	26,083
Intangible assets	2,986	2,986
Deferred tax asset	574	574
Keyman insurance contracts	640	465
	212,880	214,730
Current Assets		
Inventories	23,946	20,595
Trade and other receivables	55,483	50,405
Keyman insurance contracts	-	207
Current tax assets	1,635	2,989
Other investment	2,267	2,513
Cash and cash equivalents	26,596	28,742
	109,927	105,451
TOTAL ASSETS	322,807	320,181
EQUITY AND LIABILITIES		
Share capital	184,409	177,722
Other reserves	(4,255)	(2,854)
Retained profits	40,210	37,662
	220,364	212,530
Non-controlling interests	68,216	68,709
Total Equity	288,580	281,239
Non-Current Liabilities		
Lease liabilities	3,260	4,143
Borrowings	8,292	8,329
Deferred tax liabilities	1,591	1,591
	13,143	14,063
Current Liabilities		
Trade, other payables and provision	14,062	17,129
Contract liabilities	-	275
Borrowings	3,869	3,969
Lease liabilities	3,153	3,506
	21,084	24,879
Total Liabilities	34,227	38,942
TOTAL EQUITY AND LIABILITIES	322,807	320,181
NET ASSETS PER SHARE (RM)	0.22⁽²⁾	0.24⁽³⁾

Notes:

- (1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.
- (2) Calculated based on the Company's existing issued share capital for the financial period ended as at 31 December 2025 of 1,104,947,000 ordinary shares.
- (3) Calculated based on the Company's existing issued share capital for the financial year ended as at 30 September 2025 of 1,048,366,259 ordinary shares.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Share Capital RM'000	Reorganisation Reserve RM'000	Capital Contribution RM'000	Warrants Reserve RM'000	SIS Reserve RM'000	Treasury Shares RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 October 2025	177,722	(5,185)	3,470	1,831	2,136	(5,106)	37,662	212,530	68,709	281,239
Total comprehensive income for the financial period	-	-	-	-	-	-	2,548	2,548	(471)	2,077
Prior year adjustment	-	-	-	-	-	-	-	-	-	8
Issuance of shares pursuant to:										
- Private placement	-	-	-	-	-	-	-	-	-	-
- Warrant exercised	2,008	-	-	(486)	-	-	-	1,522	-	1,522
- SIS exercised	4,679	-	-	-	(736)	-	-	3,943	-	3,943
Shares buy-back exercised	-	-	-	-	-	(179)	-	(179)	-	(179)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(30)	(30)
At 31 December 2025	184,409	(5,185)	3,470	1,345	1,400	(5,285)	40,210	220,364	68,216	288,580
At 1 April 2024	153,776	(5,185)	-	1,864	2,914	-	29,664	183,033	22,307	205,340
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	608	608
Total comprehensive income for the financial period	-	-	-	-	-	-	10,722	10,722	66	10,788
SIS lapsed	-	-	-	-	(1,903)	-	1,903	-	-	-
Issuance of shares pursuant to:										
- Private placement	12,295	-	-	-	-	-	-	12,295	-	12,295
- Warrant exercised	137	-	-	(33)	-	-	-	104	-	104
- SIS exercised	36	-	-	-	(15)	-	-	21	-	21
Share issue expenses	-	-	-	-	3,960	-	-	3,960	-	3,960
At 31 December 2024	166,244	(5,185)	-	1,831	4,956	-	42,289	210,135	22,981	233,116

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year-to-date ended	
	31.12.2025 RM'000	31.12.2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,636	12,853
<u>Adjustments for:</u>		
Amortisation of intangible assets		
- customer relationship	-	968
- trademarks	-	25
Depreciation of:		
- investment properties	40	217
- property, plant and equipment	1,445	4,319
- right-of-use assets	846	1,597
Accretion of interest on lease liabilities	120	-
Fair value adjustment on derivative of financial instruments	-	(12)
Fair value loss/(gain) on keyman insurance contracts	32	6
(Gain) on disposal of investment properties	-	(4,306)
(Gain) on disposal of property, plant and equipment	(99)	(298)
Interest expense	287	1,350
Interest income	-	(391)
Unrealised loss (gain) on foreign exchange	64	(341)
	<hr/>	<hr/>
Operating profit before working capital changes	5,371	15,987
Decrease (Increase) in inventories	(3,350)	1,611
(Increase) in trade and other receivables	(7,993)	(8,138)
Increase (Decrease) in trade and other payables	(220)	18,112
(Decrease) in contract liabilities	(275)	(1,594)
	<hr/>	<hr/>
Cash from (used in) operations	(6,467)	25,978
Income tax paid	-	(1,921)
Income tax refund	808	-
Real property gains tax paid	-	(162)
	<hr/>	<hr/>
Net cash from (used in) operating activities	(5,659)	23,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in fixed deposits pledged with licensed banks	(56)	759
Interest received	-	391
Proceeds from disposal of property, plant and equipment	99	1,027
Proceeds from investment properties	-	14,429
Subscription for shares in subsidiary in investing activities	(30)	(40,130)
Purchase of property, plant and equipment	(248)	(32,974)
Changes in other investment	246	15,396
	<hr/>	<hr/>
Net cash from (used in) investing activities	11	(41,102)

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

	Year-to-date ended	
	31.12.2025 RM'000	31.12.2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(287)	(1,350)
Proceeds from exercise of warrants	1,522	104
Proceeds from exercise of SIS	3,943	21
Proceeds from exercise of ordinary shares	-	12,495
Acquisition of treasury shares	(179)	-
Repayment of bankers' acceptance	-	280
Repayment of term loans	(182)	(2,008)
Repayment of hire purchase	(43)	(798)
Repayment of lease liabilities	(1,079)	(1,523)
Share issuance expenses paid	-	3,960
Net cash from financing activities	3,695	11,181
Net (decrease)/increase in cash and cash equivalents	(1,953)	(6,026)
Cash and cash equivalents at beginning of the financial period	15,849	13,698
Cash and cash equivalents at end of the financial period	13,896	7,672
Cash and cash equivalents comprise the following:		
Cash and bank balances	14,610	4,416
Fixed deposits with licensed banks	9,719	8,924
Short-term investment	2,267	8,712
Cash and cash equivalents per statement of financial position	26,596	22,052
Less: Bank overdraft	(2,981)	(9,644)
Less: Fixed deposits pledged to financial institutions	(9,719)	(4,736)
	13,896	7,672

Note:

⁽¹⁾ The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.

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

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared in accordance with the applicable Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

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

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 September 2025.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the annual financial statements for the financial period ended 30 September 2025 as disclosed below:

During the financial period, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial period:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

Amendments to MFRS 121	Lack of Exchangeability	Effective dates for financial periods beginning on or after 1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Instruments	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:

MFRS 18 *Presentation and Disclosure in Financial Statement*

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements*. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements*.

MFRS 18 additional requirements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined “operating profit or loss” and “profit or loss before financing and income tax” subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:

(Cont'd)

MFRS 18 *Presentation and Disclosure in Financial Statement* (Cont'd)
MFRS 18 additional requirements are as follows: (Cont'd)

(ii) Statement of Cash Flows

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from “profit or loss” to “operating profit or loss”. It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New disclosures of expenses by nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (MPMs)

The standard requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The potential impact of the new standard on the financial statements of the Group and the Company have yet to be assessed.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualification on the audited financial statements of the Group for the financial year ended 30 September 2025.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save and except for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal or cyclical factors. The supply of oil palm EFB fibre generally declines during the monsoon and low-crop seasons in Malaysia, typically from November to May.

Our manufacturing and trading business for coconut fibre and related products is seasonal. Based on our records, demand for these products increases from October to January. During this period, however, we also face shortages of coconut husk due to the monsoon season and flooding in Malaysia. Uncertain weather conditions and climate variability further affect coconut yields, resulting in unpredictable coconut husk supply.

The Group's furniture division is subject to seasonal fluctuations, with performance impacted by major festive seasons and summer holidays in the United Kingdom, Europe and Asia.

A5. UNUSUAL ITEMS

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative quarter under review.

A6. MATERIAL CHANGES IN ESTIMATES

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

A7. DEBTS AND EQUITY SECURITIES

Proposed Bonus Issue: Announcement dated 6 October 2025

Refer Note B6 for latest development.

Save and except for the above, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and cumulative quarter under review.

A8. DIVIDEND PAID OR DECLARED

No dividend has been paid during the current quarter and cumulative quarter under review.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period under review.

A11. CHANGES IN CONTINGENT LIABILITIES

There is no material contingent liability as at the date of this report.

A12. CAPITAL COMMITMENTS

Save as disclosed below, as at the reporting date, the Board is not aware of any material commitments incurred or known to be incurred by the HHRG Group which, upon becoming due or enforceable, may have a material impact on the financial position or business of HHRG Group.

	As at 31.12.2025 RM'000
Property, plant and equipment	-
Approved but not contracted for	-
Contracted but not provided for	-
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A13. SEGMENT INFORMATION

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

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

- (i) Biomass materials and related products (“Biomass Division”)

Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.
- (ii) Furniture, mattresses and related products (“Furniture Division”)

Manufacturing and trading of furniture, mattresses and related products.
- (iii) Credit business (“Credit Division”)

Licensed credit business.
- (iv) Property development and management (“Property Division”)

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

	Current quarter ended		Year-to-date ended	
	31.12.25 RM'000	31.12.24 RM'000	31.12.25 RM'000	31.12.24 RM'000
<u>Segment Revenue</u>				
Biomass materials and related products	20,327	21,200	20,327	21,200
Furniture, mattresses and related products	7,589	13,160	7,589	13,160
Credit business	874	899	874	899
Property development and management	10	(348)	10	(348)
	<u>28,800</u>	<u>34,911</u>	<u>28,800</u>	<u>34,911</u>
Elimination of intragroup transactions	(1,731)	(1,932)	(1,731)	(1,932)
Revenue from external customers	<u>27,069</u>	<u>32,979</u>	<u>27,069</u>	<u>32,979</u>
<u>Segment Results</u>				
Biomass materials and related products	6,686	6,961	6,686	6,961
Furniture, mattresses, and related products	(385)	639	(385)	639
Credit business	100	156	100	156
Property development and management	(601)	843	(601)	843
	<u>5,800</u>	<u>8,599</u>	<u>5,800</u>	<u>8,599</u>
Unallocated corporate income and expenses (net)	(3,164)	3,990	(3,164)	3,990
Elimination of intragroup transactions and profits	-	(9,578)	-	(9,578)
Profit before tax of the Group	<u>2,636</u>	<u>3,011</u>	<u>2,636</u>	<u>3,011</u>

	Current quarter ended		Year-to-date ended	
	31.12.25	31.12.24	31.12.25	31.12.24
	RM'000	RM'000	RM'000	RM'000
<u>Segment Assets</u>				
Biomass materials and related products	77,571	77,960	77,571	77,960
Furniture, mattresses, and related products	56,092	72,115	56,092	72,115
Credit business	39,095	33,445	39,095	33,445
Property development and management	99,301	100,901	99,301	100,901
	272,059	284,421	272,059	284,421
Tax assets	1,636	1,454	1,636	1,454
Unallocated assets	61,519	46,688	61,519	46,688
Elimination of intragroup balances	(12,407)	(28,362)	(12,407)	(28,362)
Total assets of the Group	322,807	304,201	322,807	304,201
<u>Segment Liabilities</u>				
Biomass materials and related products	17,502	27,479	17,502	27,479
Furniture, mattresses, and related products	13,326	26,224	13,326	26,224
Credit business	40,828	32,566	40,828	32,566
Property development and management	53,677	45,290	53,677	45,290
	125,333	131,559	125,333	131,559
Tax liabilities	1,591	1,855	1,591	1,855
Unallocated liabilities	22,515	32,225	22,515	32,225
Elimination of intragroup balances	(115,212)	(94,554)	(115,212)	(94,554)
Total liabilities of the Group	34,227	71,085	34,227	71,085

14. RELATED PARTY TRANSACTIONS

	Current quarter ended		Year-to-date ended	
	31.12.25	31.12.24	31.12.25	31.12.24
	RM'000	RM'000	RM'000	RM'000
Purchase of coconut fibre	354	-	354	-
Purchase of furniture semi part	-	-	-	-
	354	-	354	-

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

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

B1. ANALYSIS OF PERFORMANCE

Profit and loss	Individual Quarter		Changes		Cumulative Period		Changes	
	Current 31.12.25 RM'000	Preceding 31.12.24 RM'000	RM'000	%	Current 31.12.25 RM'000	Preceding 31.12.24 RM'000	RM'000	%
Revenue	27,069	32,979	(5,910)	(17.91)	27,069	32,979	(5,910)	(17.91)
Profit before tax	2,636	3,011	(375)	(12.45)	2,636	3,011	(375)	(12.45)
Profit after tax	2,077	2,527	(450)	(17.81)	2,077	2,527	(450)	(17.81)

Revenue

For the current quarter and financial period under review, the Group recorded revenue of RM27.07 million. This represents a decrease of RM5.91 million or 17.92% as compared to the preceding year corresponding quarter and financial period.

The moderation of sales performance during the current quarter and financial period under review was primarily due to the decrease in sales demand in the furniture and mattress division, which has reduced by approximately 42.33% as compared to the preceding year corresponding quarter and financial period.

Profit Before Tax

Our Group reported a profit before tax of approximately RM2.64 million for the current quarter and financial period ended 31 December 2025, representing a decrease of approximately RM0.38 million or 12.45% as compared to the profit before tax of RM3.01 million recorded in the preceding year corresponding quarter and financial period.

The decrease in profit before tax for the current quarter and financial period under review as compared to the preceding year corresponding quarter and financial period, was primarily due to the higher other income from the disposal of investment properties and grants obtained for the expansion of biomass material in the preceding year corresponding quarter and financial period.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 31.12.2025 RM'000	Preceding quarter ended 30.09.2025 RM'000
Profit/(Loss) before taxation	<u>2,636</u>	<u>(1,580)</u>

The Group recorded a profit before tax of approximately RM2.64 million for the financial quarter under review, an increase of approximately RM4.22 million or 266.84% as compared to the preceding quarter ended 30 September 2025. The increase was primarily due to the following factors from preceding quarter ended 30 September 2025:

- i. Impairment in allowance for expected credit losses on trade receivables.
- ii. Impairment of goodwill and intangible assets.

B3. PROSPECTS

Our Biomass Division continues to be the Group’s primary revenue driver, supported by stable—albeit slightly softened—crude palm oil (CPO) prices during the current quarter. We anticipate that CPO prices will remain favourable in the subsequent quarter ending March 2026.

Revenue from the Furniture Division continued to decline, mainly due to weaker sales demand. The Board and Management have identified the underlying causes and are actively implementing measures to address these challenges and improve performance.

We remain focused on advancing our property development initiatives, actively pursuing investment opportunities and expanding our footprint in this sector. The Board and Management are committed to managing risks across all business units with discipline, dedication, and foresight.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

B5. TAX EXPENSE

	Current quarter ended 31.12.2025 RM’000	Year-to-date ended 31.12.2025 RM’000
Current tax expense	559	559
Deferred tax income	-	-
Total tax expense	559	559
Effective tax rate	21.20%	21.20%

The Group’s effective tax rate for the current quarter and cumulative quarter under review stood at 21.20% and 21.20% respectively. The prevailing statutory tax rate applicable to the Group is 24%. The effective tax rate for the cumulative quarter is lower than the applicable statutory tax rate of 24% as certain subsidiaries of the Group have been granted pioneer status by Malaysia Industrial Development Authority which grant exemption for certain products.

B6. STATUS OF CORPORATE PROPOSALS

Proposed Acquisition: Announcement dated 29 May 2025

On 29 May 2025, the Board of Directors of the Company announced that Open Road (East Coast) Sdn. Bhd., the wholly-owned subsidiary of the Company (the “OREC”) had on 28 May 2025:

- i. entered into an unincorporated joint venture agreement (“UJVA”) with Udaran Sdn Bhd (“Udaran”) and Tregon Construction Sdn Bhd (“Tregon”) to develop an existing mixed development project in Kuala Terengganu;

- ii. entered into sale and purchase agreements with Tregon for the acquisition of the lands from Tregon for a total consideration of RM13,000,000 (“SPAs”); and
- iii. entered into a 3-year call option agreement with Udaran to acquire up to 51% of equity interest in Udaran (“**Call Option Agreement**”).

On 24 November 2025, the Board of Directors of the Company announced that further extension of one (1) month has been granted by OREC to Tregon. The Board of Directors of the Company also announced on 24 November 2025 that the condition precedent period under the UJVA has been further extended for one (1) month.

On 19 December 2025, the Board of Directors announced on the following:

1. the UJVA has been terminated on 19 December 2025;
2. the Call Option Agreement has been terminated on 19 December 2025; and
3. OREC and Tregon have on 19 December 2025 entered into amended and restated sale and purchase agreements to amend and supplement the SPAs.

Proposed Bonus Issue: Announcement dated 6 October 2025

On 8 October 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that the additional listing application in respect to the proposed bonus issue of Warrants B has been submitted to Bursa Securities on 8 October 2025.

On 14 November 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that Bursa Securities had vide its letter dated 14 November 2025, resolved to approve the following:

- i. Admission to the Official List and listing and quotation of up to 491,684,507 Warrants B to be issued pursuant to the proposed bonus issue of Warrants B; and
- ii. Listing and quotation of up to 491,684,507 new ordinary shares in HHRG to be issued arising from the exercise of the Warrants B. Such approval granted by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the proposed bonus issue of Warrants B is subject to the following conditions:
 - a. HHRG and Malacca Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements (“**ACE LR**”) pertaining to the implementation of the proposed bonus issue of Warrants B.
 - b. HHRG and Malacca Securities to inform Bursa Securities upon the completion of proposed bonus issue of Warrants B.
 - c. HHRG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposed bonus issue of Warrants B is completed.
 - d. HHRG and Malacca Securities are required to provide a written confirmation that the terms of the Warrants B are in compliance with Rule 6.55(3) of the ACE LR.
 - e. HHRG to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.

On 16 December 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that the shareholders of HHRG had approved the ordinary resolution in respect to the proposed bonus issue of Warrants B.

On 17 December 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced the following in respect to the bonus issue of Warrants B:

Entitlement Date: 14 January 2026
Listing Date: 22 January 2026
Exercise Price: RM0.045

On 22 January 2026, on behalf of the Board of Directors of HHRG, Malacca Securities announced that bonus issue of Warrants has been completed following the listing and quotation of 424,778,675 new Warrants B on the ACE Market of Bursa Securities on 22 January 2026.

Save and except for the above, there was no other corporate proposal announced as at date of this announcement.

B7. BORROWINGS

The Group's borrowings as at 31 December 2025 are as follows:

	Short Term (Within 12 months) RM'000	Long Term (> 12 months) RM'000	Total RM'000
<i>Secured and guaranteed</i>			
Bankers' acceptance	-	-	-
Bank overdrafts	2,981	-	2,981
Hire purchase	194	182	376
Term loans	755	8,131	8,886
Total Borrowings	3,930	8,313	12,243

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

B8. EARNINGS PER SHARE

Basic Earnings per Share ("BEPS")

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

	Current quarter ended		Year-to-date ended	
	31.12.25	31.12.24	31.12.25	31.12.24 ⁽²⁾
Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	2,548	2,660	2,548	2,660
Weighted average number of ordinary shares in issue ('000)	1,104,947	955,986	1,104,947	955,986
BEPS (sen)	0.23	0.28	0.23	0.28

Diluted Earnings per Share (“DEPS”)

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

	Current quarter ended		Year-to-date ended	
	31.12.25	31.12.24	31.12.25	31.12.24
Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	2,548	2,660	2,548	2,660
Weighted average number of ordinary shares in issue ('000)	1,104,947	955,986	1,104,947	955,986
Adjustment for dilutive effects of:				
- Warrants ('000)	19,031	27,920	19,031	27,920
- SIS ('000)	37,550	⁽¹⁾	37,550	⁽¹⁾
	<u>1,161,528</u>	<u>983,906</u>	<u>1,161,528</u>	<u>983,906</u>
DEPS (sen)	<u>0.22</u>	<u>0.27</u>	<u>0.22</u>	<u>0.27</u>

Notes:

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

B9. CHANGES IN MATERIAL LITIGATION

- (i) **Ooi Chieng Sim (“OCS”) and Skylitech Resources Sdn. Bhd. (“SRSB”) vs H’ng Choon Seng (“HCS”), Kee Swee Lai (“KSL”), HHRG, HK Kitaran Sdn. Bhd. (“HKSB”), HK Gua Musang Sdn. Bhd. (“HKGMSB”) and Fibre Star (M) Sdn. Bhd. (“FSSB”). Penang High Court Civil Suit no. PA-22NCvC-58-04/2024**

On 23 April 2024, OCS and SRSB commenced a civil suit in the Penang High Court against, among others, HHRG and its subsidiaries, namely HKSB, HKGMSB and FSSB.

OCS and SRSB are claiming, among others, breach of contract, breach of personal guarantee and undertaking, fraud, conspiracy and unlawful conversion of loans into shares. The reliefs sought by OCS and SRSB include:-

- (a) declarations of fraud and conversion;
- (b) declarations that RM1,414,125 being the value of 3,750,000 ordinary shares of the Company held by OCS and RM557,062 being the value of 1,875,000 Warrants A held by OCS should be compensated to OCS;
- (c) declaration that 84,605,250 ordinary shares of the Company and 42,302,625 Warrants A held by HCS and KSL to be transferred to OCS;

- (d) declarations that RM8,393,303 being the value of 22,257,500 ordinary shares of the Company held by SRSB and RM3,342,375 being the value of 11,250,000 Warrants A held by SRSB should be compensated to SRSB; and
- (e) general, punitive and aggravated damages, interest and costs.

On 29 May 2024, HHRG and its subsidiaries received letters dated 29 May 2024 from OCS and SRSB, accompanied by, amongst others, the sealed copy of the Court's Order (Ex-Parte) dated 27 May 2024 pertaining to the Mareva Injunction against the HHRG and its subsidiaries.

On 18 June 2024, the High Court dismissed the inter partes applications against HHRG and its subsidiaries with no order as to costs, resulting in the lapse of the ex parte injunction previously obtained.

Subsequently, HHRG and its subsidiaries filed a striking-out applications to strike out this case however, on 7 November 2024, the High Court dismissed the striking-out applications with costs of RM5,000.00 each to be paid by HHRG and its subsidiaries.

The High Court issued pre-trial directions for parties to exchange documents and agree on common bundles of documents for purposes of trial and the parties are in the midst of preparing the same. The matter is fixed for trial on 5 to 8 October 2026 and 12 to 13 October 2026.

Our instructing solicitors indicated that it is presently premature to offer a definitive view.

(ii) **Ch'ng Chen Mong ("CCM"), Tan Poh Cheng ("TPC"), Ch'ng Boon Sin ("CBS"), and Cfamily Holdings Sdn. Bhd. ("CHSB") vs MG Furniture Sdn. Bhd. ("MGF"), MG Furniture Innovation Sdn Bhd ("MGFISB"), HHRG, HH Land and Development Sdn Bhd ("HHL") & 9 Ors - Penang High Court Civil Suit No. PA-22NCvC-111-07/2024 ("Suit 111")**

On 23 July 2024, CCM, TPC, CBS and CHSB (collectively, "the Plaintiffs") commenced a civil suit against, amongst others, HHRG, HHL, MGF, MGFISB, and several individual defendants. The Plaintiffs alleged that they were fraudulently induced in 2021 to execute a share sale agreement, shareholders agreement and related documents in connection with the sale and purchase of shares in MGF based on alleged fraudulent representations made by certain individual defendants.

On 26 July 2024, the Plaintiffs obtained an Ex-Parte Order prohibiting HHRG, certain directors and officers, namely Fong Chee Khuen ("FCK"), Cheng Pek Tong ("CPT") and Ng Ying Yiing ("NYY") (including their representatives, agents, employees and/or solicitors) from interfering with or altering the status quo of MGF and MGFISB, including in relation to bank signatories, management, operations and/or business, pending the inter partes hearing of the application.

On 19 November 2024, the High Court allowed the HHRG's application to set aside the Ex-Parte Order and dismissed the Plaintiffs' inter partes application for an interlocutory injunction. Thereafter, the Plaintiffs, filed two appeals ("Appeal 2051 & Appeal 2052") to the Court of Appeal on 21 November 2024.

At the Court of Appeal, the Plaintiffs applied for interim remedies, and the parties subsequently recorded a consent judgment on 6 January 2025. The appeals had since been consolidated. Case management for these appeals is fixed on 2 March 2026.

On 24 September 2024, FCK, CPT, and NYY who are the directors of MGF commenced an action against MGF, CCM, TPC, and CBS by way of originating summons whereby the court allowed the application and ordered, among others, that all records of MGF be open to inspection by FCK, CPT, NYY, and an auditor appointed by the Plaintiffs. Note that FCK ceased to be a director of MGF on 23 May 2025.

On 2 April 2025, MGF filed an application for injunctive reliefs in Suit 111 (“**MGF’s Injunction Application**”), including an ad interim injunction to restrain CCM, TPC, CBS, and Ms. Sau Hwee Fern, from, among others, entering and/or occupying MGF’s business premises, obstructing access by MGF directors and court-appointed auditors to inspect company records, and from tampering with MGF’s documents and accounts. On 19 June 2025, the court allowed MGF’s Injunction Application pending disposal of MGF’s counterclaim in Suit 111.

Separately, MGF filed notices of application dated 28 May 2025 and 9 June 2025 seeking injunctions to restrain CCM, TPC, CBS, and their associates (including Digital Trustees Berhad and CHSB) from voting at any general meeting of HHRG and to remove the existing board of HHRG and appoint their nominees. On 13 August 2025, the court dismissed both applications.

While on 18 September 2025, MGF filed an application to amend its counterclaim and join CMH Industries Sdn Bhd as a co-defendant to the same (“**Amendment Application**”). On 27 September 2025, MGF, HHRG and others filed an application to expunge certain cause papers or alternatively certain parts of identified cause papers which contain material protected by privilege (“**Expungement Application**”). The decision for the Expungement Application is fixed on 27 February 2026.

In relation to Suit 111, the court has fixed a further case management on 13 March 2026.

(iii) **HHRG vs. Digital Trustees Berhad (“DTB”) and CHSB Shah Alam High Court Civil Suit No. BA-22NCC-54-03/2025 (“Suit 54”)**

On 14 March 2025, DTB, as custodian of CHSB holding more than 10% of the HHRG’s shares, issued a requisition to convene an EGM pursuant to sections 310(b) and 311 of the Act, with special notice under sections 206 and 322, to remove five directors and appoint three new directors. The Board, after legal advice, declined to convene the EGM on the basis that the proposed resolutions would not be in HHRG’s best interests.

HHRG thereafter commenced Suit 54 against DTB and CHSB at the Shah Alam High Court seeking, amongst others:-

- (a) a declaration that DTB acted in abuse of its powers under section 311 of the Act and that its requisition notice was invalid; and
- (b) an injunction restraining DTB and CHSB from convening or conducting the EGM (“**HHRG’s Injunction Application**”).

Meanwhile, on 28 March 2025, DTB filed Originating Summons No. PA-22NCC-12-03/2024 (“**OS 12**”) at the Penang High Court seeking an order under section 314 of the Act to convene an EGM to deliberate on the removal and appointment of directors. On 17 April 2025, HHRG applied to transfer OS 12 to the Shah Alam High Court to be heard together with Suit 54 and the application was allowed by the Penang High Court on 18 August 2025. Subsequently, OS 12 was registered under new case number under Originating Summons No. BA-24NCC-90-08/2025 (“**OS 90**”). OS 90 has been fixed for hearing on 10 March 2026.

On 2 May 2025, DTB and CHSB filed an application to stay Suit 54 pending the disposal of OS 90 (“Encl. 17”). The stay application and HHRG’s Injunction Application were both fixed for case management on 7 October 2025.

Meanwhile, HHRG has on 3 October 2025 filed an application (“Encl. 47”) praying that OS 90 to be heard after disposal of Suit 54 or for OS 90 to be stayed pending disposal of Suit 54.

On 9 December 2025, the court dismissed the Encl. 47 and allowed Encl. 17. HHRG’s Injunction Application was stayed following the court’s decision on Encl. 17.

Meanwhile, the court has fixed the date of trial for Suit 54 on 6 and 7 May 2026.

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

B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

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

	Current quarter ended 31.12.2025 RM’000	Year-to-date ended 31.12.2025 RM’000
Interest income	-	-
Other income including investment income	-	-
Interest expense	287	287
Depreciation expenses	2,331	2,331
Amortisation expenses	-	-
Unrealised gain/(loss) on foreign exchange	64	64
Gain/(loss) on disposal of property, plant and equipment	(99)	(99)
Gain/(loss) on disposal of investment properties	-	-
Equity-settled share-based payment	-	-
Fair value gain on derivative instruments	-	-
Allowance for expected credit losses:		
- Current year	-	-
- Reversal	-	-
Impairment loss on property, plant and equipment		
- Current year	-	-
- Reversal	-	-
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Exceptional items	-	-

B11. FINANCIAL INSTRUMENTS

Derivatives

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

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