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28 December 2023

The Board of Directors
Sik Cheong Berhad
No. 11, Jalan 6/14,
Kampung Tasik Tambahan,
68000 Ampang,
Selangor Darul Ehsan.

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF SIK CHEONG BERHAD ("SIK CHEONG" OR "THE COMPANY")

Opinion

We have audited the combined financial statements of the Company and its combining entities as disclosed in Note 1.3 to the combined financial statements (collectively known as "Sik Cheong Group" or "the Group"), which comprises the combined statements of financial position as at 31 March 2021, 31 March 2022 and 31 March 2023 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 67.

In our opinion, the accompanying combined financial statements of the Group give a true and fair view of the financial position of the Group as at 31 March 2021, 31 March 2022 and 31 March 2023 and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 *Reporting Accountants' Responsibilities for the Audit of the Combined 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.

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Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Responsibilities of the Directors for the Combined Financial Statements

The Directors of the Company are responsible for the preparation of the combined financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the Group' 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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 combined financial statements of the Group.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the combined financial statements 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 accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group 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 combined 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.

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Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (Cont'd)

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.

Other Matter

This report has been prepared solely to comply with the Prospectus Guideline - Equity issued by the Securities Commission Malaysia and for the inclusion in the Prospectus of Sik Cheong in connection with the proposed listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied on for any other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2024 J
Chartered Accountant

KUALA LUMPUR

28 December 2023

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	2023 RM	2022 RM	2021 RM
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,759,089	1,767,691	2,366,401
Right-of-use assets	5	160,428	311,702	473,971
Investment properties	6	1,840,501	1,816,706	1,849,017
		3,760,018	3,896,099	4,689,389
Current assets				
Inventories	7	1,029,202	1,610,876	914,151
Trade receivables	8	4,931,471	4,947,344	4,383,599
Other receivables	9	1,763,098	3,254,070	1,117,130
Tax recoverable		80,149	22,008	87,641
Fixed deposits with licensed bank	10	1,324,523	1,300,456	1,282,642
Cash and cash equivalents	10	11,657,536	6,789,905	5,550,382
		20,785,979	17,924,659	13,335,545
Total assets		24,545,997	21,820,758	18,024,934
EQUITY				
Share capital	11	420,000	420,000	420,000
Retained earnings		19,543,853	19,535,037	16,292,527
Total equity		19,963,853	19,955,037	16,712,527
LIABILITIES				
Non-current liabilities				
Lease liabilities	12	28,273	156,072	319,257
Deferred tax liabilities	13	186,818	191,269	171,469
		215,091	347,341	490,726
Current liabilities				
Trade payables	14	293,830	881,202	317,135
Other payables	15	540,436	448,567	307,532
Dividend payable		3,000,000	-	-
Lease liabilities	12	138,817	163,185	157,298
Provision for taxation		393,970	25,426	39,716
		4,367,053	1,518,380	821,681
Total liabilities		4,582,144	1,865,721	1,312,407
Total equity and liabilities		24,545,997	21,820,758	18,024,934

The accompanying notes form an integral part of the financial statements.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023 RM	2022 RM	2021 RM
Revenue	16	78,235,837	59,741,717	42,574,387
Cost of sales		(66,251,468)	(51,751,163)	(37,141,716)
Gross profit		11,984,369	7,990,554	5,432,671
Other income		665,169	370,878	653,775
Selling and distribution costs		(441,147)	(399,247)	(411,905)
Administrative expenses		(4,194,413)	(3,686,035)	(3,251,927)
Profit from operations		8,013,978	4,276,150	2,422,614
Finance costs	17	(9,057)	(14,902)	(5,220)
Profit before tax	18	8,004,921	4,261,248	2,417,394
Taxation	19	(1,976,105)	(998,738)	(564,910)
Profit for the financial year, representing total comprehensive income for the financial year		6,028,816	3,262,510	1,852,484
Profit for the financial year, representing total comprehensive income for the financial year attributable to:				
Owners of the parent		6,028,816	3,262,510	1,852,484
Earnings per share (RM)	20			
Basic		14.35	7.77	4.46
Diluted		14.35	7.77	4.46

The accompanying notes form an integral part of the financial statements.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

		Non-distributable	Distributable	
		Share capital RM	Retained earnings RM	Total equity RM
	Note			
At 1 April 2022		420,000	19,535,037	19,955,037
Profit for the financial year representing total comprehensive income for the financial year		-	6,028,816	6,028,816
Dividends declared	21	-	(6,020,000)	(6,020,000)
At 31 March 2023		420,000	19,543,853	19,963,853
At 1 April 2021		420,000	16,292,527	16,712,527
Profit for the financial year representing total comprehensive income for the financial year		-	3,262,510	3,262,510
Dividends declared	21	-	(20,000)	(20,000)
At 31 March 2022		420,000	19,535,037	19,955,037
At 1 April 2020		400,100	17,440,043	17,840,143
Profit for the financial year representing total comprehensive income for the financial year		-	1,852,484	1,852,484
Shares issued		19,900	-	19,900
Dividends declared	21	-	(3,000,000)	(3,000,000)
At 31 March 2021		420,000	16,292,527	16,712,527

The accompanying notes form an integral part of the financial statements.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

	Note	2023 RM	2022 RM	2021 RM
Cash flows from operating activities				
Profit before tax		8,004,921	4,261,248	2,417,394
Adjustments for:				
Amortisation of right-of-use assets		162,750	162,269	34,227
Bad debts written off		4,824	14,101	7,475
Depreciation of investment properties		33,128	32,311	32,312
Depreciation of property, plant and equipment		621,364	638,641	642,226
Gain on disposal of property, plant and equipment		(175,996)	(95,779)	(395,466)
Interest expense		9,057	14,902	5,220
Interest income		(186,100)	(85,163)	(105,136)
Property, plant and equipment written off		9,690	-	7,564
Operating profit before working capital changes		8,483,638	4,942,530	2,645,816
Inventories		581,674	(696,725)	(133,239)
Trade receivables		11,049	(577,846)	(719,689)
Other receivables		1,520,972	(2,136,940)	302,726
Trade payables		(587,372)	564,067	(78,601)
Other payables		87,869	141,035	20,067
Cash generated from operations		10,097,830	2,236,121	2,037,080
Interest paid		(9,057)	(14,902)	(5,220)
Tax paid		(1,670,153)	(927,595)	(337,500)
Tax refunded		-	-	98,724
Net cash from operating activities		8,418,620	1,293,624	1,793,084

The accompanying notes form an integral part of the financial statements.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	2023 RM	2022 RM	2021 RM
Cash flows (used in)/from investing activities				
Acquisition of property, plant and equipment		(679,379)	(43,649)	(1,743,824)
Increase in amount owing by a related party		(30,000)	-	-
Interest received		186,100	85,163	105,136
Proceeds from disposal of property, plant and equipment		176,000	99,497	529,400
Net cash (used in)/from investing activities		(347,279)	141,011	(1,109,288)
Cash flows used in financing activities				
Repayment to Directors		-	-	(154,900)
Increase in amount owing to a related party		4,000	-	-
Dividend paid		(3,020,000)	(20,000)	(3,000,000)
Increase in fixed deposits pledged		(24,067)	(17,814)	(57,926)
Issuance of shares		-	-	19,900
Repayment of lease liabilities		(163,643)	(157,298)	(32,252)
Net cash used in financing activities		(3,203,710)	(195,112)	(3,225,178)
Net changes in cash and cash equivalents		4,867,631	1,239,523	(2,541,382)
Cash and cash equivalents at the beginning of the financial year	10	6,789,905	5,550,382	8,091,764
Cash and cash equivalents at the end of the financial year	10	11,657,536	6,789,905	5,550,382

The accompanying notes form an integral part of the financial statements.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. **General Information**

1.1 Introduction

This report has been prepared solely to comply with the Prospectus Guideline - Equity issued by the Securities Commission Malaysia and for the inclusion in the Prospectus of Sik Cheong Berhad ("Sik Cheong" or "the Company") in connection with the proposed listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied on for any other purpose.

1.2 Background

The Company was incorporated in Malaysia under the Companies Act, 2016 on 23 June 2023 as a private limited liability company. The Company was subsequently converted into a public limited liability company on 20 December 2023.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan.

1.3 Restructuring exercise

On 6 December 2023, the Company had entered into two conditional share sale agreements to acquire the entire equity interests in Sik Cheong Edible Oil Sdn Bhd ("SCEO") and Sin Cheong Sales & Marketing Sdn Bhd ("SCSM").

The share sale agreements were executed for:

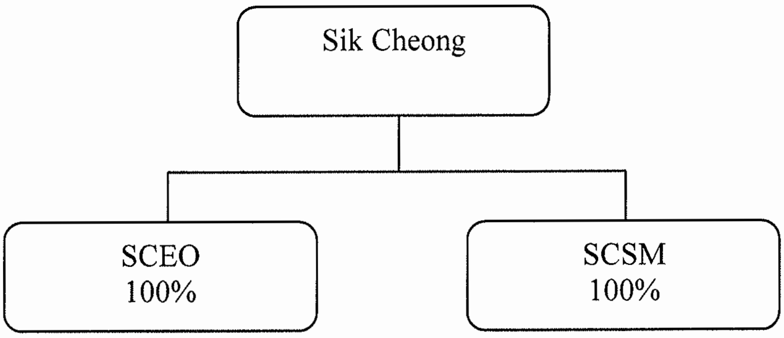
i) the acquisition by the Company of the entire equity interests in SCEO for a purchase consideration of RM19,449,982 which was satisfied via the issuance of 194,889,600 new shares at an issue price of RM0.0998 per share.
ii) the acquisition by the Company of the entire equity interests in SCSM for a purchase consideration of RM510,008 which was satisfied via the issuance of 5,110,300 new shares at an issue price of RM0.0998 per share.

The completion of the acquisitions is conditional upon, amongst others, approvals from Bursa Securities in relation to the proposed listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Securities.

1. **General Information (Cont'd)**

1.3 Restructuring exercise (Cont'd)

Upon completion of the acquisitions, SCEO and SCSM will become wholly owned subsidiaries of Sik Cheong. Following the completion of the acquisitions, the group structure of Sik Cheong will be as follows:



The Group is regarded as a continuing entity resulting from the acquisitions since the management of all the entities which took major part in the acquisitions were controlled by the Directors and substantially under same major shareholders before and immediately after the acquisitions. Consequently, immediately after the acquisitions, there was a continuation of the control over the entities' financial and operating policy decisions and risks and benefits to the ultimate shareholders that existed prior to the acquisitions. The acquisitions have been accounted for as an acquisition under common control in a manner similar to pooling of interests. Accordingly, the combined financial statements for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 have been prepared comprising of the financial statements of the combining entities which were under common control of the ultimate shareholders that existed prior to the acquisitions during the relevant periods.

No financial statements of Sik Cheong were included for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 as Sik Cheong was only incorporated on 23 June 2023.

1. **General Information (Cont'd)**

1.4 Principal activities

The principal activity of the Company is investment holding.

Details of the combining entities of Sik Cheong are as follows:

Name of Company	**Date of incorporation**	**Principal place of business**	**Issued share capital (RM)**			**Assumed effective equity interest (%)**			**Principal activities**
			2023	**2022**	**2021**	**2023**	**2022**	**2021**	
SCEO	18 April 1992	Malaysia	400,000	400,000	400,000	100	100	100	Repackaging, marketing and distribution of edible oil and other food products
SCSM	8 October 2019	Malaysia	20,000	20,000	20,000	100	100	100	Distribution of lamp oil and other trading products

There have been no significant changes in the nature of the principal activities of Sik Cheong and its combining entities.

1. **General Information (Cont'd)**

1.5 Share capital

The details of the changes in the issued share capital of Sik Cheong Berhad since its incorporation are as follows:

Date of allotment	No. of shares allotted	Cumulative no. of shares alloted	Consideration	Cumulative issued share capital (RM)
23 June 2023	100	100	Cash	100
[●]	194,889,600	194,889,700	Acquisition of SCEO	19,450,082
[●]	5,110,300	200,000,000	Acquisition of SCSM	19,960,090
Upon listing	66,000,000	266,000,000	Public issue	37,780,090

1.6 Relevant financial years

The combined financial statements of the Group reflect the financial information of SCEO and SCSM.

The relevant financial years of the audited financial statements presented for the purpose of this report and the auditors of the respective companies within the Group are as follows:

Companies	Relevant financial years	Accounting standards applied	Auditors
SCEO	Financial year ended ("FYE") 31 March 2021*	Malaysian Private Entities Reporting Standard ("MPERS")	Reanda LLKG International
	FYE 31 March 2022*	MPERS	Reanda LLKG International
	FYE 31 March 2023	Malaysian Financial Reporting Standards ("MFRS")	UHY
SCSM	FYE 31 March 2021^ FYE 31 March 2022^ FYE 31 March 2023^		

* Reaudited by UHY, prepared in accordance with MFRS and International Financial Reporting Standards ("IFRS") for the purpose of this report.

1. **General Information (Cont'd)**

1.6 Relevant financial years (Cont'd)

^ The financial periods for the statutory audits of SCSM were for the financial year ended 30 September 2021, which was audited by Reanda LLKG International, and for the financial period from 1 October 2021 to 31 March 2023, which was audited by UHY. The financial statements of SCSM for the financial years ended 31 March 2021, 31 March 2022 and 31 March 2023 were re-audited by UHY, prepared in accordance with MFRS and IFRS for the purpose of this report.

2. **Basis of Preparation**

(a) Statement of compliance

The combined financial statements of the combining entities as disclosed in Note 1.4 to this report ("the Group") have been prepared in accordance with MFRS and IFRS.

The combined financial statements consist of the financial statements of the Group, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the financial records of the combining entities during the reporting years.

The combined financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group has adopted the following amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRSs Standards 2018 - 2020:

- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of accounting policies	1 January 2023
Amendments to MFRS 108	Definition of accounting estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group has not applied the following new standard and amendments to standards that have been issued by the MASB but are not yet effective for the Group: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
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
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group intends to adopt the above new standard and amendments to standards when they become effective.

The initial application of the above-mentioned new standard and amendments to standards are not expected to have any significant impact on the combined financial statements of the Group.

(b) Functional and presentation currency

These combined financial statements of the Group are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the combined financial statements:

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for leases which they are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciations and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amounts at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 6 respectively to the combined financial statements.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2023, the Group has tax recoverable of RM80,149 (2022: RM22,008 and 2021: RM87,641) and tax payable of RM393,970 (2022: RM25,426 and 2021: RM39,716).

3. **Significant Accounting Policies**

The Group applies the significant accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combination - Merger method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The acquisition of the combining entities resulted in a business involving common control since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combination, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting is on a retrospective basis and restated its comparative as if the combination had taken place before the earliest prior period presented in the combined financial statements.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. The cost of investment in the Company's books is recorded at the nominal value of the shares received. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Business combination - Acquisition method

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation (Cont'd)

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j)(i) to the combined financial statements on impairment of non-financial assets.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) to the combined financial statements.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(b) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold building	2%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	10% - 20%
Plant and machinery	20%
Renovation	20%
Signboards	20%
Computers	20%
Tools and equipment	20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(c) Leases

(i) As lessee

The Group recognises a ROU asset and lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) to the combined financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined as follows:

Buildings	2 - 5 years

The ROU assets are subject to impairment.

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

3. **Significant Accounting Policies (Cont'd)**

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in their combined statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. **Significant Accounting Policies (Cont'd)**

(d) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured initially at cost, including transaction cost, less any accumulated depreciation and impairment losses.

The carrying amounts include the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	Lease period of 84 years
Buildings	2%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j)(i) to the combined financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3. **Significant Accounting Policies (Cont'd)**

(e) Financial assets

Financial assets are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of its financial assets at initial recognition, and the categories include trade and other receivables, amount owing by a related party, amount owing by a Director, fixed deposits and cash and bank balances.

<u>Financial assets at amortised cost</u>

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

<u>Financial assets at fair value through other comprehensive income ("FVOCI")</u>

The Group has not designated any financial assets at FVOCI.

<u>Financial assets at fair value through profit or loss ("FVTPL")</u>

All financial assets not classified as measured at amortised cost or FVOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(e) Financial assets (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

A financial asset or part of it is derecognized when, and only when the contractual rights to receive cash flows from the financial asset has expired or transferred, or control of the asset is not retained or substantially all of the risks or rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

(f) Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

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

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. **Significant Accounting Policies (Cont'd)**

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(j) Impairment of assets (Cont'd)

(ii) Financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3. **Significant Accounting Policies (Cont'd)**

(k) Share capital

Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(l) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the combined statements of profit or loss and other comprehensive income net of any reimbursement.

3. **Significant Accounting Policies (Cont'd)**

(m) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit and loss as incurred. Once the contribution has been paid, the Group has no further payment obligations.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major source:

(i) Sale of goods

Revenue is recognised at a point in time when control of the goods has been transferred to the customers. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes collected on behalf of the government.

3. **Significant Accounting Policies (Cont'd)**

(n) Revenue recognition (Cont'd)

(ii) Revenue from other sources

(i) Commission

When the Group acts in the capacity as an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

3. **Significant Accounting Policies (Cont'd)**

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the combined statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. **Significant Accounting Policies (Cont'd)**

(q) Income taxes (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. **Significant Accounting Policies (Cont'd)**

(s) Statements of cash flows

The Group adopts the indirect method in the preparation of the combined statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

4. **Property, Plant and Equipment**

	Leasehold building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboards RM	Computers RM	Tools and equipment RM	Total RM
2023									
Cost									
At 1 April 2022	67,000	218,508	4,984,921	443,040	1,901,943	254,407	17,517	392,742	8,280,078
Additions	-	7,809	418,520	4,490	98,110	118,534	25,606	6,310	679,379
Disposals	-	-	(358,574)		-	-		(9,240)	(367,814)
Write offs	-	-	-	(35,814)	(1,150)	-	(10,598)	(5,396)	(52,958)
Reclassification	-	-	-	(70,593)	-	-	70,593	-	-
Transfer to investment properties	(67,000)	-	-	-	-	-	-	-	(67,000)
At 31 March 2023	-	226,317	5,044,867	341,123	1,998,903	372,941	103,118	384,416	8,471,685
Accumulated depreciation									
At 1 April 2022	10,077	209,544	3,644,998	312,391	1,773,530	232,462	3,333	326,052	6,512,387
Charge for the year	-	2,611	482,930	20,911	60,867	19,420	11,709	22,916	621,364
Disposals	-	-	(358,571)	-	-	-	-	(9,239)	(367,810)
Write offs	-	-	-	(27,451)	(1,149)	-	(9,279)	(5,389)	(43,268)
Reclassification	-	-	-	(48,182)	-	-	48,182	-	-
Transfer to investment properties	(10,077)	-	-	-	-	-	-	-	(10,077)
At 31 March 2023	-	212,155	3,769,357	257,669	1,833,248	251,882	53,945	334,340	6,712,596
Net carrying amount									
At 31 March 2023	-	14,162	1,275,510	83,454	165,655	121,059	49,173	50,076	1,759,089

4. **Property, Plant and Equipment (Cont'd)**

	Leasehold building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboards RM	Computers RM	Tools and equipment RM	Total RM
2022									
Cost									
At 1 April 2021	67,000	210,665	5,210,798	440,359	1,901,943	242,799	-	388,742	8,462,306
Additions	-	7,843	-	2,681	-	11,608	17,517	4,000	43,649
Disposals	-	-	(225,877)	-	-	-	-	-	(225,877)
At 31 March 2022	67,000	218,508	4,984,921	443,040	1,901,943	254,407	17,517	392,742	8,280,078
Accumulated depreciation									
At 1 April 2021	9,260	208,059	3,362,664	278,296	1,710,728	225,525	-	301,373	6,095,905
Charge for the year	817	1,485	504,493	34,095	62,802	6,937	3,333	24,679	638,641
Disposals	-	-	(222,159)	-	-	-	-	-	(222,159)
At 31 March 2022	10,077	209,544	3,644,998	312,391	1,773,530	232,462	3,333	326,052	6,512,387
Net carrying amount									
At 31 March 2022	56,923	8,964	1,339,923	130,649	128,413	21,945	14,184	66,690	1,767,691

4. **Property, Plant and Equipment (Cont'd)**

	Leasehold building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboards RM	Tools and equipment RM	Total RM
2021								
Cost								
At 1 April 2020	67,000	210,665	4,757,811	435,780	1,986,938	230,294	302,742	7,991,230
Additions	-	-	1,543,140	42,679	59,500	12,505	86,000	1,743,824
Disposals	-	-	(1,090,153)	-	(144,495)	-	-	(1,234,648)
Write offs	-	-	-	(38,100)	-	-	-	(38,100)
At 31 March 2021	67,000	210,665	5,210,798	440,359	1,901,943	242,799	388,742	8,462,306
Accumulated depreciation								
At 1 April 2020	8,442	204,243	3,838,714	273,972	1,768,466	221,802	269,290	6,584,929
Charge for the year	818	3,816	480,171	34,860	86,755	3,723	32,083	642,226
Disposals	-	-	(956,221)	-	(144,493)	-	-	(1,100,714)
Write offs	-	-	-	(30,536)	-	-	-	(30,536)
At 31 March 2021	9,260	208,059	3,362,664	278,296	1,710,728	225,525	301,373	6,095,905
Net carrying amount								
At 31 March 2021	57,740	2,606	1,848,134	162,063	191,215	17,274	87,369	2,366,401

5. **Right-of-use Assets**

	2023 RM	2022 RM	2021 RM
Buildings			
At cost			
At 1 April	515,495	515,495	109,453
Additions	11,476	-	406,042
At 31 March	526,971	515,495	515,495
Accumulated amortisation			
At 1 April	203,793	41,524	7,297
Charge of the financial year	162,750	162,269	34,227
At 31 March	366,543	203,793	41,524
Carrying amount			
At 31 March	160,428	311,702	473,971

The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under lease financing are as follows:

	2023 RM	2022 RM	2021 RM
Aggregate costs	11,476	-	406,042
Less: Lease financing	11,476	-	406,042
Cash payments	-	-	-

6. Investment Properties

	2023 RM	2022 RM	2021 RM
Leasehold land and buildings			
At cost			
At 1 April	2,264,065	2,264,065	2,264,065
Transfer from property, plant and equipment	67,000	-	-
At 31 March	2,331,065	2,264,065	2,264,065
Accumulated depreciation			
At 1 April	447,359	415,048	382,736
Charge of the financial year	33,128	32,311	32,312
Transfer from property, plant and equipment	10,077	-	-
At 31 March	490,564	447,359	415,048
Carrying amount			
At 31 March	1,840,501	1,816,706	1,849,017
Fair value of investment properties	6,851,771	6,636,407	6,636,407

(a) Fair value basis of investment properties

Investment properties are stated at cost. The fair value of the investment properties of the Group were estimated by the Directors based on the latest transacted prices in the market of properties with similar conditions and location. The Group's investment properties are fair value within Level 2 fair value hierarchy.

There are no transfers between levels of the fair value hierarchy during the financial years.

(b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	2023 RM	2022 RM	2021 RM
Lease income	120,300	138,400	132,000
Direct operating expenses:			
- Income generating investment properties	12,422	7,001	8,814

7. Inventories

	2023 RM	2022 RM	2021 RM
At cost			
Packing materials	257,066	535,053	236,642
Raw materials	253,409	597,395	208,304
Finished goods	518,727	478,428	469,205
	1,029,202	1,610,876	914,151
Recognised in profit or loss:			
Inventories recognised as cost of sales	80,998,397	64,755,650	43,714,479

8. Trade Receivables

Trade receivables of the Group are generally on 30 days (2022: 30 days and 2021: 30 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of RM1,487 (2022: Nil and 2021: Nil) owing by a Director.

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	2023 RM	2022 RM	2021 RM
Neither past due nor impaired	3,948,787	3,840,669	3,177,362
Past due not impaired:			
Less than 30 days	885,074	789,234	651,512
31 to 60 days	53,996	189,254	269,773
61 to 90 days	-	4,948	51,234
More than 90 days	43,614	123,239	233,718
Total past due but not impaired	982,684	1,106,675	1,206,237
	4,931,471	4,947,344	4,383,599

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 March 2023, trade receivables of the Group amounting to RM982,684 (2022: RM1,106,675 and 2021: RM1,206,237) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

9. Other Receivables

	2023 RM	2022 RM	2021 RM
Other receivables	1,720,407	3,214,695	1,069,126
Deposits	37,173	37,272	46,024
Prepayments	5,518	2,103	1,980
	1,763,098	3,254,070	1,117,130

Included in other receivables of the Group is:

i. an amount of RM1,679,920 (2022: RM3,089,484 and 2021: RM840,011) receivable from Kementerian Perdagangan Dalam Negeri in relation to the Cooking Oil Price Stabilisation Scheme ("COSS") and Program Mekanisme Kawalan Harga Minyak Masak ("MKHMM").

ii. an amount of RM30,000 (2022:Nil and 2021: Nil) owing by a related party which are non-trade in nature, unsecured, interest-free and repayable on demand.

10. Cash and Cash Equivalents

	2023 RM	2022 RM	2021 RM
Cash and bank balances	3,642,873	5,427,659	3,235,481
Fixed deposits with licensed banks	1,324,523	1,300,456	1,282,642
At fair value through profit or loss			
Cash management fund	8,014,663	1,362,246	2,314,901
	12,982,059	8,090,361	6,833,024
Fixed deposits pledged with licensed bank	(1,324,523)	(1,300,456)	(1,282,642)
	11,657,536	6,789,905	5,550,382

a) Cash management fund represents investments in fixed income funds with a licensed fund management company in Malaysia. The funds are redeemable upon one day notice and are highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

b) The interest rates of fixed deposits of the Group ranges from 1.30% to 2.25% (2022: 1.30% to 1.75% and 2021: 1.30% to 3.00%) per annum and the maturities of fixed deposits as at the end of the financial year ranges from 30 days to 365 days (2022: 30 days to 365 days and 2021: 30 days to 365 days).

11. **Share Capital**

	Number of shares 2023 Units	Amount 2023 RM	Number of shares 2022 Units	Amount 2022 RM	Number of shares 2021 Units	Amount 2021 RM
Issued and fully paid ordinary shares						
At 1 April	420,000	420,000	420,000	420,000	400,100	400,100
Issued during the year	-	-	-	-	19,900	19,900
At 31 March	420,000	420,000	420,000	420,000	420,000	420,000

In the financial year ended 31 March 2021, SCSM increased its issued share capital through the issuance of 19,900 new ordinary shares at an issue price of RM1 per ordinary share through cash. The new ordinary shares issued rank equally in all respect with the existing ordinary shares of SCSM.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

12. **Lease Liabilities**

	2023 RM	2022 RM	2021 RM
At 1 April	319,257	476,555	102,765
Additions	11,476	-	406,042
Interest expense	9,057	14,902	4,798
Payments of interest expense	(9,057)	(14,902)	(4,798)
Payments of principal	(163,643)	(157,298)	(32,252)
At 31 March	167,090	319,257	476,555
Presented as:			
Current portion	138,817	163,185	157,298
Non-current portion	28,273	156,072	319,257
	167,090	319,257	476,555

The maturity analysis of lease liabilities as of the end of financial year:

	2023 RM	2022 RM	2021 RM
Repayable within one year	142,200	172,200	172,200
Repayable more than one year and less than two years	25,700	136,200	172,200
Repayable more than two years and less than five years	3,150	23,350	159,550
	171,050	331,750	503,950
Less: Future finance charges	(3,960)	(12,493)	(27,395)
Present value of right-of-use lease liabilities	167,090	319,257	476,555

The Group leases various buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The interest rate of the Group for the lease liabilities at the reporting date ranges from 3.68% to 4.32% (2022: 3.68% and 2021: 3.68%) per annum.

13. **Deferred Tax Liabilities**

	2023 RM	2022 RM	2021 RM
At 1 April	191,269	171,469	129,500
Recognised in profit or loss (Note 19)	(4,451)	19,800	41,969
At 31 March	186,818	191,269	171,469

The net deferred tax assets and liabilities shown on the combined statements of financial position after appropriate offsetting are as follows:

	2023 RM	2022 RM	2021 RM
Deferred tax asset	37,390	72,361	108,564
Deferred tax liabilities	(224,208)	(263,630)	(280,033)
	(186,818)	(191,269)	(171,469)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax asset

	Lease liabilities RM
2023	
At 1 April 2022	72,361
Recognised in profit or loss	(34,971)
At 31 March 2023 (before offsetting)	37,390
Offsetting	(37,390)
At 31 March 2023 (after offsetting)	-
2022	
At 1 April 2021	108,564
Recognised in profit or loss	(36,203)
At 31 March 2022 (before offsetting)	72,361
Offsetting	(72,361)
At 31 March 2022 (after offsetting)	-
2021	
At 1 April 2020	-
Recognised in profit or loss	108,564
At 31 March 2021 (before offsetting)	108,564
Offsetting	(108,564)
At 31 March 2021 (after offsetting)	-

13. Deferred Tax Liabilities (Cont'd)

Deferred tax liabilities

	Accelerated capital allowance RM	Right-of-use assets RM	Total RM
2023			
At 1 April 2022	192,849	70,781	263,630
Recognised in profit or loss	(4,627)	(34,795)	(39,422)
At 31 March 2023 (before offsetting)	188,222	35,986	224,208
Offsetting			(37,390)
At 31 March 2023 (after offsetting)			186,818
2022			
At 1 April 2021	171,873	108,160	280,033
Recognised in profit or loss	20,976	(37,379)	(16,403)
At 31 March 2022 (before offsetting)	192,849	70,781	263,630
Offsetting			(72,361)
At 31 March 2022 (after offsetting)			191,269
2021			
At 1 April 2020	129,500	-	129,500
Recognised in profit or loss	42,373	108,160	150,533
At 31 March 2021 (before offsetting)	171,873	108,160	280,033
Offsetting			(108,564)
At 31 March 2021 (after offsetting)			171,469

14. Trade Payables

The normal trade credit terms granted to the Group is 30 days (2022: 30 days and 2021: 30 days) depending on the terms of the contract.

15. **Other Payables**

	2023 RM	2022 RM	2021 RM
Other payables	54,266	55,700	62,161
Accruals	446,070	353,072	200,871
Deposit received	40,100	36,000	36,000
Advance payment from customer	-	3,795	8,500
	540,436	448,567	307,532

Included in other payables of the Group is an amount of RM4,000 (2022: Nil and 2021: Nil) owing to a related party which are non-trade in nature, unsecured, interest-free and repayable on demand.

16. **Revenue**

	2023 RM	2022 RM	2021 RM
Revenue from contracts with customers			
Sales of goods	78,235,837	59,741,717	42,574,387
Timing of revenue recognition			
At point in time	78,235,837	59,741,717	42,574,387

The other information on the disaggregation of revenue is disclosed in Note 25.

17. **Finance Costs**

	2023 RM	2022 RM	2021 RM
Interest expenses on:			
Bank overdrafts	-	-	422
Lease liabilities	9,057	14,902	4,798
	9,057	14,902	5,220

As at 31 March 2023, the bank overdraft facility is not utilised but is secured by:

i. Pledge over fixed deposits of the Group together with Memorandum of Legal Charge over Deposit and Letter of Set-off; and

ii. Joint and several guarantee executed by certain Directors of the Group.

18. Profit Before Tax

Profit before tax is determined after charging/(crediting):

	2023 RM	2022 RM	2021 RM
Auditors' remuneration			
- statutory audit	50,000	24,500	20,000
Amortisation of ROU assets	162,750	162,269	34,227
Bad debts written off	4,824	14,101	7,475
Depreciation of investment properties	33,128	32,311	32,312
Depreciation of property, plant and equipment	621,364	638,641	642,226
Gain on disposal of property, plant and equipment	(175,996)	(95,779)	(395,466)
Government subsidy	(8,352,846)	(8,341,226)	(4,729,781)
Interest income	(186,100)	(85,163)	(105,136)
Property, plant and equipment written off	9,690	-	7,564
Staff costs (Note 22)	3,639,214	2,915,036	2,495,980
Rental expenses relating to short term lease	-	-	121,800
Rental income	(120,300)	(138,400)	(132,000)

19. Taxation

	2023 RM	2022 RM	2021 RM
Tax expenses recognised in profit or loss			
Current tax	1,981,934	1,046,690	578,416
Overprovision in prior years	(1,378)	(67,752)	(55,475)
	1,980,556	978,938	522,941
Deferred tax (Note 13)			
Origination and reversal of temporary differences	(2,091)	2,464	21,345
(Over)/Underprovision in prior years	(2,360)	17,336	20,624
	(4,451)	19,800	41,969
	1,976,105	998,738	564,910

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24% and 2021: 24%) of the estimated assessable profits for the financial year.

19. **Taxation (Cont'd)**

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

	2023 RM	2022 RM	2021 RM
Profit before tax	8,004,921	4,261,248	2,417,394
At Malaysian statutory tax rate of 24% (2022: 24% and 2021: 24%)	1,921,181	1,022,700	580,175
Effect of differential tax rate for first RM600,000 (2022: RM600,000 and 2021: RM600,000) at 17% (2022: 17% and 2021: 17%)	(23,941)	(5,868)	(55,429)
Income not subject to tax	(58,300)	(85,466)	(106,658)
Expenses not deductible for tax purpose	140,903	117,788	181,673
Overprovision of current tax in prior years	(1,378)	(67,752)	(55,475)
(Over)/Underprovision of deferred tax in prior years	(2,360)	17,336	20,624
	1,976,105	998,738	564,910

20. **Earnings Per Shares**

(a) Basic earnings per share

The basic earnings per share are calculated based on the combined profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	2023 RM	**2022 RM**	**2021 RM**
Profit for the financial year attributable to owners of the parent (RM)	6,028,816	3,262,510	1,852,484
Weighted average number of ordinary shares in issue			
Issued ordinary shares at 1 April	420,000	420,000	400,100
Effect of issuance of shares	-	-	14,939
Weighted average number of ordinary shares in issue at 31 March	420,000	420,000	415,039
Basic earnings per share (RM)	14.35	7.77	4.46

(b) Diluted earnings per share

Diluted earnings per ordinary share equals basic earnings per ordinary share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

21. Dividends

	2023 RM	2022 RM	2021 RM
In respect of the financial year ended 31 March 2023			
A single tier dividend of RM15 per ordinary share on 400,000 ordinary shares of SCEO	6,000,000	-	-
A single tier dividend of RM1 per ordinary share on 20,000 ordinary shares of SCSM	20,000	-	-
In respect of the financial year ended 31 March 2022			
A single tier dividend of RM1 per ordinary share on 20,000 ordinary shares of SCSM	-	20,000	-
In respect of the financial year ended 31 March 2021			
A single tier dividend of RM7.50 per ordinary share on 400,000 ordinary shares of SCEO	-	-	3,000,000
	6,020,000	20,000	3,000,000

22. **Staff Costs**

	2023 RM	2022 RM	2021 RM
Salaries, wages and other emoluments	3,075,233	2,585,395	2,433,271
Defined contribution plans	403,214	336,510	305,899
Social security contributions	40,036	32,976	30,629
Other expenses	219,901	209,835	159,981
Wages subsidy	(99,170)	(249,680)	(433,800)
	3,639,214	2,915,036	2,495,980

Included in staff costs is the aggregate amount of remuneration received and receivable by the Directors and key management personnel of the Group as shown below:

	2023 RM	2022 RM	2021 RM
Directors			
Salaries, wages and other emoluments	701,260	595,385	540,000
Defined contribution plans	133,260	114,380	102,600
Social security contributions	3,122	2,092	1,516
Benefits in kind	52,368	52,603	50,743
	890,010	764,460	694,859

	2023 RM	2022 RM	2021 RM
Key management personnel			
Salaries, wages and other emoluments	371,949	172,833	134,271
Defined contribution plans	54,933	30,388	28,303
Social security contributions	3,198	1,385	923
Benefits in kind	34,656	38,583	47,900
	464,736	243,189	211,397

23. **Reconciliation of Liabilities Arising from Financing Activities**

	At 1 April RM	Financing cash flows (i) RM	Operating cash flows RM	Other changes (ii) RM	At 31 March RM
2023					
Other payables	448,567	4,000	87,869	-	540,436
Dividend payable	-	-	-	3,000,000	3,000,000
Lease liabilities	319,257	(163,643)	-	11,476	167,090
	767,824	(159,643)	87,869	3,011,476	3,707,526
2022					
Lease liabilities	476,555	(157,298)	-	-	319,257
2021					
Other payables	442,365	(154,900)	20,067	-	307,532
Lease liabilities	-	(32,252)	-	508,807	476,555
	442,365	(187,152)	20,067	508,807	784,087

(i) The financing cash flows represent the net amount of proceeds or repayments of amount owing to Directors and lease liabilities in the combined statements of cash flows.

(ii) Other changes include dividend declared but not paid and additions to lease liabilities.

24. Related Party Disclosures

(a) Identified related parties

For the purposes of these combined financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the combined financial statements, the significant related party transactions of the Group are as follows:

	2023 RM	2022 RM	2021 RM
Transaction with a related party			
Insurance premium collected	37,168	-	-
Insurance premium paid	(17,406)	(91,479)	-
Rental payable	(28,200)	(28,200)	(28,200)
Service charges income	110,000	-	-
Transaction with Directors			
Insurance premium collected	14,087	-	-
Rental payable	(144,500)	(144,000)	(132,000)

(c) Compensation of key management personnel

Remuneration of the Directors and other members of key management personnel are as disclosed in Note 22 to the combined financial statements.

25. Segmental Information

Segmental information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

(a) Business segment

The principal activities of the Group are in a single industry segment of repacking, marketing and distribution of refined, bleached, deodorized ("RBD") palm olein oil products. The other segment is trading of other oil products which is not of a sufficient size to be reported separately.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only one reportable segment.

(b) Geographical segment

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets. The geographical location of customers and assets are within Malaysia. As such, segmental reporting by geographical segment is deemed not necessary.

(c) Major customers

There is no significant concentration of revenue from any major customer as the revenue generated by the Group for the repackaging, marketing and distribution of RBD palm olein oil and other food products and the distribution of lamp oil and other trading products are from many customers.

26. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	2023 RM	2022 RM	2021 RM
Financial assets			
At fair value through profit or loss:			
Cash management fund	8,014,663	1,362,246	2,314,901
At amortised costs:			
Trade receivables	4,931,471	4,947,344	4,383,599
Other receivables (excluded prepayments)	1,757,580	3,251,967	1,115,150
Fixed deposits with licensed bank	1,324,523	1,300,456	1,282,642
Cash and bank balances	3,642,873	5,427,659	3,235,481
Financial liabilities			
At amortised costs:			
Trade payables	293,830	881,202	317,135
Other payables (excluded advance payment from customer	540,436	444,772	299,032
Dividend payable	3,000,000	-	-
Lease liabilities	167,090	319,257	476,555

26. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and interest rate risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, other receivables and deposits with licensed bank.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

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

The gross carrying amounts of credit impaired receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the combined statements of financial position at the end of the reporting period represent the Group's maximum exposure to credit risk.

In the financial year ended 31 March 2022, the Group has 1 debtor that accounted for approximately 10% of the total trade receivables outstanding.

26. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

26. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2023					
Non-derivative financial liabilities					
Trade payables	293,830	-	-	293,830	293,830
Other payables	540,436	-	-	540,436	540,436
Dividend payable	3,000,000	-	-	3,000,000	3,000,000
Lease liabilities	142,200	25,700	3,150	171,050	167,090
	3,976,466	25,700	3,150	4,005,316	4,001,356

26. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2022					
Non-derivative financial liabilities					
Trade payables	881,202	-	-	881,202	881,202
Other payables (excluded advance payment from customer)	444,772	-	-	444,772	444,772
Lease liabilities	172,200	136,200	23,350	331,750	319,257
	1,498,174	136,200	23,350	1,657,724	1,645,231
2021					
Non-derivative financial liabilities					
Trade payables	317,135	-	-	317,135	317,135
Other payables (excluded advance payment from customer)	299,032	-	-	299,032	299,032
Lease liabilities	172,200	172,200	159,550	503,950	476,555
	788,367	172,200	159,550	1,120,117	1,092,722

26. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and bank balances, fixed deposit with licensed bank and short-term lease liabilities approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their carrying amounts in the combined statements of financial position.

	Fair value of financial instruments carried at fair value	**Fair value of financial instruments not carried at fair value**		
	Level 2 RM	**Level 2 RM**	**Total fair value RM**	**Carrying amount RM**
2023				
Financial asset				
Cash management fund	8,014,663	-	8,014,663	8,014,663
Financial liabilities				
Lease liabilities	-	26,671	26,671	28,273

26. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value Level 2 RM	Fair value of financial instruments not carried at fair value Level 2 RM	Total fair value RM	Carrying amount RM
2022				
Financial asset				
Cash management fund	1,362,246	-	1,362,246	1,362,246
Financial liabilities				
Lease liabilities	-	147,554	147,554	156,072
2021				
Financial asset				
Cash management fund	2,314,901	-	2,314,901	2,314,901
Financial liabilities				
Lease liabilities	-	302,509	302,509	319,257

27. **Capital Commitment**

	2023 RM	2022 RM	2021 RM
Contracted but not provided for:			
Acquisition of property, plant and equipment	-	-	66,675

28. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subjected to any externally imposed capital requirements.

29. Significant Event During and After the Reporting Years

(a) Acquisition of SCEO and SCSM

On 6 December 2023, the Company has entered into two conditional share sale agreements to acquire the entire equity interests in SCEO and SCSM.

The share sale agreements were executed for:

i) the acquisition by the Company of the entire equity interests in SCEO for a purchase consideration of RM19,449,982 which was satisfied via the issuance of 194,889,600 new shares at an issue price of RM0.0998 per share.

ii) the acquisition by the Company of the entire equity interests in SCSM for a purchase consideration of RM510,008 which was satisfied via the issuance of 5,110,300 new shares at an issue price of RM0.0998 per share.

The completion of the acquisitions is conditional upon, amongst others, approvals from Bursa Securities in relation to the proposed listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Securities.

Upon completion of the acquisitions, SCEO and SCSM will become wholly owned subsidiaries of Sik Cheong.

29. Significant Event During and After the Reporting Years (Cont'd)

(b) Acquisition of property

On 22 September 2023, the Group has entered into a Sale and Purchase Agreement with the Directors of the Company, Wong Hin Loong and Wong Hing Ngiap, ("SPA") to acquire the property bearing the postal address No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan for a consideration of RM10,500,000.

The acquisition has not yet been completed as of the date of this report, pending the payment of the balance purchase price.

30. Date of Authorisation for Issue

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 December 2023.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

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

We, WONG HIN LOONG and WONG HING NGIAP the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 March 2021, 31 March 2022 and 31 March 2023 and of its financial performance and cash flows for the financial years then ended on those dates.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 DEC 2023

WONG HING NGIAP

WONG HIN LOONG

KUALA LUMPUR

UHY

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Chartered Accountants
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28 December 2023

The Board of Directors
Sik Cheong Berhad
No. 11, Jalan 6/14
Kampung Tasik Tambahan
68000 Ampang
Selangor Darul Ehsan

Dear Sirs/Madams,

SIK CHEONG BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of Sik Cheong Berhad ("Sik Cheong" or "the Company") and its combining entities (collectively known as "Sik Cheong Group" or "the Group") for which the Directors of Sik Cheong are solely responsible. The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 31 March 2023 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification.

The applicable criteria on the basis of which the Directors of Sik Cheong has compiled the pro forma combined statements of financial position are as disclosed in the notes to the pro forma combined statements of financial position and are in accordance with the requirements of the *Prospectus Guidelines - Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the *Guidance Note for Issuers of Pro Forma Financial Information* issued by the Malaysian Institute of Accountants ("Guidance Note") ("Applicable Criteria").

The pro forma combined statements of financial position of the Group has been compiled by the Directors of Sik Cheong, for illustrative purposes only, for the inclusion in the prospectus of Sik Cheong ("Prospectus") in connection with the initial public offering ("IPO") and the listing and quotation of the entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), after making certain assumptions and adjustments to show the effects on the pro forma combined statements of financial position of Sik Cheong as at 31 March 2023 adjusted for the events and transactions as disclosed in the notes to the pro forma combined statements of financial position. As part of this process, financial information about Sik Cheong's pro forma combined statements of financial position has been extracted by the Directors of Sik Cheong from the audited financial statements of its combining entities for the financial year ended 31 March 2023, on which their auditors' report have been issued without any modifications.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Directors of the Company are responsible for compiling the pro forma combined statements of financial position on the basis of the Applicable Criteria and in accordance with the Prospectus Guidelines and the Guidance Note.

Reporting Accountants' Independence and Quality Management

We are independent of the Group and 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.

Our firm applies International Standard on Quality Management 1 ("ISQM 1") *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Directors of Sik Cheong on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance on whether the Directors of Sik Cheong have compiled, in all material respects, the pro forma combined statements of financial position on the basis of the Applicable Criteria.

UHY

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors of Sik Cheong in the compilation of the pro forma combined statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the listing scheme, and to obtain sufficient appropriate evidence on whether:

- the related pro forma combined statements of financial position give appropriate effect to those criteria; and

- the pro forma combined statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

UHY

Opinion

In our opinion, the pro forma combined statements of financial position, has been compiled, in all material aspects, on the basis of the Applicable Criteria.

Other Matters

This report has been prepared for inclusion in the Prospectus of Sik Cheong in connection with the Listing. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm or any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2024 J
Chartered Accountant

Kuala Lumpur

28 December 2023

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1. Introduction

The pro forma combined statements of financial position of Sik Cheong Berhad ("Sik Cheong" or "the Company") and its combining entities (collectively known as "Sik Cheong Group" or "the Group") has been compiled by the Directors of Sik Cheong, for illustrative purposes only, for inclusion in the prospectus of Sik Cheong in connection with the initial public offering ("IPO") and the listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

2. Basis of Preparation

The applicable criteria on the basis of which the Directors of Sik Cheong has compiled the pro forma combined statements of financial position are as disclosed in the notes to the pro forma combined statements of financial position and are in accordance with the requirements of the *Prospectus Guidelines - Equity* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the *Guidance Note for Issuers of Pro Forma Financial Information* issued by the Malaysian Institute of Accountants ("Guidance Note") ("Applicable Criteria").

The pro forma combined statements of financial position of the Group as at 31 March 2023 has been compiled based on the audited financial statements of the Group for the financial year ended ("FYE") 31 March 2023, which has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The pro forma combined statements of financial position of the Group have been presented in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the Group in the preparation of its audited financial statements for the FYE 31 March 2023.

The audited financial statements of the Group for the FYE 31 March 2023 were reported without any modifications and were not subjected to any audit qualifications or disclaimer of opinions.

The pro forma combined statements of financial position of the Group, of which the Directors of Sik Cheong are solely responsible, have been prepared to illustrate the impact of the events and transactions set out in Notes 3, 4 and 5 to the pro forma combined statements of financial position had the events and transactions been effected on 31 March 2023, and should be read in conjunction with the accompanying notes thereon.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. Basis of Preparation (Cont'd)

Due to its nature, the pro forma combined statements of financial position are not necessarily indicative of the financial position of the Group that would have been attained had the impact of the events and transactions as set out in Notes 3, 4 and 5 to the pro forma combined statements of financial position occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The Group is regarded as a continuing entity resulting from the acquisition exercise, as described in Note 3, as the business combination involves entities which are ultimately controlled by the same parties before and after the business combination. The pro forma combined statements of financial position of the Group have applied the merger method of accounting.

Under the merger method:

(i) the assets and liabilities of the acquired entities are recognised and measured in the combined financial statements at the pre-combination carrying amounts.
(ii) the retained earnings and other equity balances of the acquired entities immediately before the business combination are those of the Group.
(iii) the difference between the cost of investment and the share capital of the subsidiaries, are treated as merger reserve in the pro forma combined statements of financial position.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

The pro forma combined statements of financial position of the Group have been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and do not purport to predict the future financial position and results of the Group.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. Acquisition of Subsidiaries

On 6 December 2023, the Company had entered into 2 conditional share sale agreements to acquire the entire equity interests in Sik Cheong Edible Oil Sdn Bhd ("SCEO") and Sin Cheong Sales & Marketing Sdn Bhd ("SCSM").

The share sale agreements were executed for:

i) the acquisition by the Company of the entire equity interests in SCEO for a purchase consideration of RM19,449,982.08 to be satisfied via the issuance of 194,889,600 new Shares at an issue price of RM0.0998 per share.

ii) the acquisition by the Company of the entire equity interests in SCSM for a purchase consideration of RM510,007.94 to be satisfied via the issuance of 5,110,300 new Shares at an issue price of RM0.0998 per share.

The completion of the acquisitions is conditional upon, amongst others, approval from Bursa Securities in relation to the proposed listing and quotation of the entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Securities.

Upon completion of the acquisitions, SCEO and SCSM will become wholly owned subsidiaries of Sik Cheong.

4. Acquisition of Property

On 22 September 2023, the Group has entered into a Sale and Purchase Agreement with the Directors of the Company, Wong Hin Loong and Wong Hing Ngiap, to acquire the property bearing the postal address No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan for a consideration of RM10,500,000 ("SPA").

To illustrate the impact of the acquisition of the property, for the purpose of the pro forma combined statements of financial position, the acquisition of the property is assumed to be fully paid on date of acquisition together with the estimated stamp duty of RM404,000 to be capitalised.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5. Listing Scheme

In conjunction with the IPO, the Company will undertake a public issue of 66,000,000 new ordinary shares in Sik Cheong ("Sik Cheong Shares" or "Shares") ("Public Issue") and offer for sale of 20,000,000 existing Shares ("Offer for Sale") at an IPO price of [●] per Share.

5.1 Public Issue

The Public Issue will be allocated in the following manner:

(a) 48,700,000 new Shares by way of private placement to selected investors;

(b) 4,000,000 new Shares made available for application by eligible Directors, key senior management, employees and persons who have contributed to the success of the Group;

(c) 13,300,000 new Shares made available for application by the Malaysian Public.

5.2 Offer for Sale

The Offer for Sale of 20,000,000 Shares will be made available by way of private placement to selected investors.

No impact will be illustrated for the Offer for Sale in the pro forma combined statements of financial position of the Group as at 31 March 2023 as this transaction does not affect the total number of new ordinary shares to be issued.

5.3 Listing and Quotation of Sik Cheong Shares on the ACE Market of Bursa Securities

Upon completion of the IPO, the Company's entire enlarged issued share capital of [●] comprising 266,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5. Listing Scheme (Cont'd)

5.4 Proposed Utilisation of Proceeds

The gross proceeds from the IPO of [●] are intended to be utilised as follows:

Utilisation of proceeds	Amount (RM)	Estimated timeframe for utilisation from listing date
Expansion of our packaging facility(1)	[●]	Within 18 months
Purchase of new delivery trucks(2)	[●]	Within 12 months
Working capital	[●]	Within 12 months
Estimated listing expenses(3)	[●]	Within 3 months
	[●]	

Notes:

(1) The Group intends to utilise [●] of its IPO proceeds for the expansion of its packaging facility, Factory No. 9, located at No. 9, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan. The expansion involves rebuilding the current single-storey factory building into a 3-storey factory building which will house its new operations of repackaging of high oleic soybean oil and facilitate the future expansion of its repackaged refined, bleached and deodorised ("RBD") palm olein oil business.

(2) The Group intends to utilise [●] of its IPO proceeds to purchase new delivery trucks to facilitate its expansion plans. As at latest practicable date of the prospectus, the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the purchase of new delivery trucks. Accordingly, the utilisation of the proceeds earmarked for the purchase of new delivery trucks is not reflected in the pro forma combined statements of financial position.

(3) The estimated listing expenses totalling [●] to be borne by the Group comprises professional fees, fees payable to authorities, underwriting, placement and brokerage fees and miscellaneous expenses. Estimated listing expenses of [●] is assumed to be directly attributable to the Public Issue and will be set off against share capital while another [●] of estimated listing expenses is assumed not to be directly attributable to the Public Issue and therefore will be charged to profit or loss.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6. Pro Forma Combined Statements of Financial Position as at 31 March 2023

The pro forma combined statements of financial position of the Group as at 31 March 2023 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Note 3 to the pro forma combined statements of financial position on the assumption that these events and transactions have been effected on 31 March 2023 and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position.

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2023 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Non-Current Assets								
Property, plant and equipment	8.1	1,759,089	10,904,000	12,663,089	-	12,663,089	[•]	[•]
Right-of-use assets		160,428	-	160,428	-	160,428	-	160,428
Investment properties		1,840,501	-	1,840,501	-	1,840,501	-	1,840,501
		3,760,018	10,904,000	14,664,018	-	14,664,018	[•]	[•]

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SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6. Pro Forma Combined Statements of Financial Position as at 31 March 2023 (Cont'd)

	Note	Audited as at 31.03.2023 RM	Adjustment for acquisitions RM	Pro Forma I After acquisitions RM	Adjustment Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Current Assets								
Inventories		1,029,202	-	1,029,202	-	1,029,202	-	1,029,202
Trade receivables		4,931,471	-	4,931,471	-	4,931,471	-	4,931,471
Other receivables		1,763,098	-	1,763,098	-	1,763,098	-	1,763,098
Tax recoverable		80,149	-	80,149	-	80,149	-	80,149
Fixed deposits with licensed bank		1,324,523	-	1,324,523	-	1,324,523	-	1,324,523
Cash and cash equivalents	8.2	11,657,536	(10,903,900)	753,636	[•]	[•]	[•]	[•]
		20,785,979	(10,903,900)	9,882,079	[•]	[•]	[•]	[•]
Total Assets		24,545,997	100	24,546,097	[•]	[•]	[•]	[•]

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)
6. Pro Forma Combined Statements of Financial Position as at 31 March 2023 (Cont'd)

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2023 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Equity								
Share capital	8.3	420,000	19,540,090	19,960,090	[•]	[•]	[•]	[•]
Merger reserve	8.4	-	(19,539,990)	(19,539,990)	-	(19,539,990)	-	(19,539,990)
Retained earnings	8.5	19,543,853	-	19,543,853	-	19,543,853	[•]	19,543,853
Total Equity		19,963,853	100	19,963,953	[•]	[•]	[•]	[•]
Non-Current Liabilities								
Lease liabilities		28,273	-	28,273	-	28,273	-	28,273
Deferred tax liabilities		186,818	-	186,818	-	186,818	-	186,818
		215,091	-	215,091	-	215,091	-	215,091

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

6. Pro Forma Combined Statements of Financial Position as at 31 March 2023 (Cont'd)

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2023 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Current Liabilities								
Trade payables		293,830	-	293,830	-	293,830	-	293,830
Other payables		540,436	-	540,436	-	540,436	-	540,436
Dividend payable		3,000,000	-	3,000,000	-	3,000,000	-	3,000,000
Lease liabilities		138,817	-	138,817	-	138,817	-	138,817
Provision for taxation		393,970	-	393,970	-	393,970	-	393,970
		4,367,053	-	4,367,053	-	4,367,053	-	4,367,053
Total Liabilities		4,582,144	-	4,582,144	-	4,582,144	-	4,582,144
Total Equity and Liabilities		24,545,997	100	24,546,097	[•]	[•]	[•]	[•]
Number of ordinary shares (unit)		420,000		200,000,000		266,000,000		266,000,000
Net assets per share (RM)		47.53		0.10		[•]		[•]

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

7. Adjustments to the Pro Forma Combined Statements of Financial Position

7.1 Pro Forma I

Pro Forma I incorporate the effects of the acquisitions as set out in Notes 3 and 4 to the pro forma combined statements of financial position.

7.2 Pro Forma II

Pro Forma II incorporate the effects of Pro Forma I and Public Issue and Listing as set out in Notes 5.1 and 5.3 to the pro forma combined statements of financial position.

7.3 Pro Forma III

Pro Forma III incorporate the effects of Pro Forma II and utilisation of proceeds as set out in Note 5.4 to the pro forma combined statements of financial position.

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

8. Effects on the Pro Forma Combined Statements of Financial Position

8.1 Property, Plant and Equipment

	RM
As at 31 March 2023	1,759,089
Acquisition of property	10,904,000
As per Pro Forma I and II	12,663,089
Pursuant to utilisation of proceeds:	
- Expansion of packaging facility	[•]
As per Pro Forma III	[•]

8.2 Cash and Cash Equivalents

	RM
As at 31 March 2023	11,657,536
Incorporation of Sik Cheong*	100
Acquisition of property	(10,904,000)
As per Pro Forma I	753,636
Public Issue	[•]
As per Pro Forma II	[•]
Pursuant to utilisation of proceeds:	
- Expansion of packaging facility	[•]
- Estimated listing expenses	[•]
As per Pro Forma III	[•]

** Sik Cheong was incorporated on 23 June 2023 with an issued share capital of RM100 comprising 100 ordinary shares.*

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

8. Effects on the Pro Forma Combined Statements of Financial Position (Cont'd)

8.3 Share Capital

	RM
As at 31 March 2023^	420,000
Incorporation of Sik Cheong*	100
Ordinary shares issued pursuant to acquisition of subsidiaries	19,959,990
Elimination of ordinary shares arising from acquisition of subsidiaries	(420,000)
As per Pro Forma I	19,960,090
Public Issue	[•]
As per Pro Forma II	[•]
Pursuant to utilisation of proceeds:	
- Estimated listing expenses attributable to Public Issue	[•]
As per Pro Forma III	[•]

^ Comprising of the issued share capital of SCEO comprising 400,000 ordinary shares amounting to RM400,000 and of SCSM comprising 20,000 ordinary shares amounting to RM20,000.

8.4 Merger Reserve

	RM
As at 31 March 2023	-
Acquisition of subsidiaries	(19,539,990)
As per Pro Forma I, II and III	(19,539,990)

8.5 Retained Earnings

	RM
As at 31 March 2023 and as per Pro Forma I and II	19,543,853
- Estimated listing expenses charged to profit or loss	[•]
As per Pro Forma III	[•]

SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Approval by Board of Directors

Approved and adopted on behalf of the Board of Directors in accordance with a resolution dated
28 DEC 2023

WONG HING NGIAP	WONG HIN LOONG