

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

Our IPO entails an offering of 66,000,000 Issue Shares and 20,000,000 Offer Shares at an IPO Price of RM[•] per Issue Share/Offer Share. Our Shares will be allocated in the following manner:

Allocation	Number of IPO Shares	(1)%
Public Issue		
Malaysian Public via balloting	⁽²⁾ 13,300,000	5.00
Eligible Persons	4,000,000	1.50
Private placement to Selected Investors	48,700,000	18.31
Offer for Sale		
Private placement to Selected Investors	20,000,000	7.52
Enlarged number of Shares upon Listing	266,000,000	
IPO Price per Share		RM[•]
Market capitalisation (calculated based on the IPO Price and enlarged number of Shares upon Listing)		RM[•]

Notes:

- (1) Based on our enlarged issued share capital of 266,000,000 Shares after our IPO.
- (2) 6,650,000 Shares will be set aside strictly for Bumiputera public investors via public balloting.

Further details of our IPO are set out in Section 4.3 of this Prospectus.

In compliance with the Listing Requirements, our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market (in compliance with Rule 3.19(1) of the Listing Requirements). Thereafter, our Specified Shareholder's shareholdings amounting to 45.00% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of its shares held under moratorium upon expiry of the second 6 months period.

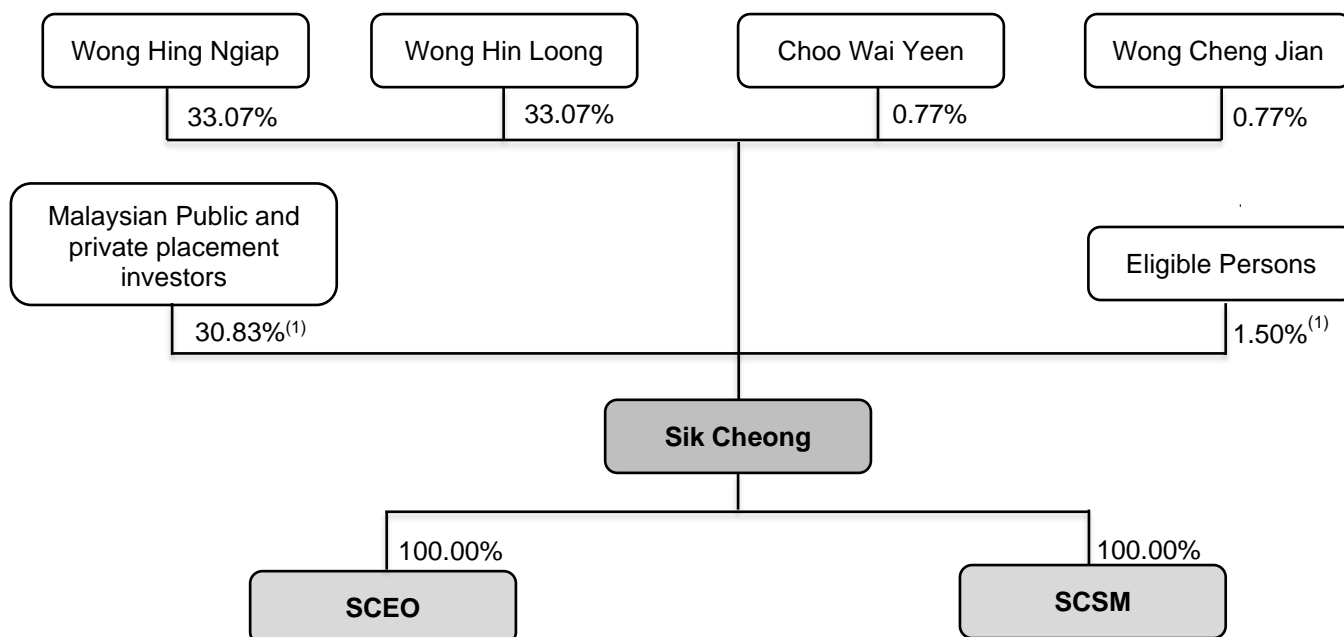
Further details on the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia on 23 June 2023 as a private limited company under the name of Sik Cheong Sdn Bhd. On 20 December 2023, we converted into a public limited company and assumed our current name.

Our Group's structure after our IPO (assuming the Pink Form Allocation and the Issue Shares made available for application by Malaysian Public will be fully subscribed) is as follows:

3. PROSPECTUS SUMMARY (CONT'D)



Note:

(1) Based on our enlarged issued share capital of 266,000,0000 Shares after our IPO.

Our Company is an investment holding company and was incorporated to facilitate our Listing. Through our Subsidiaries, our Group's principal business activities include:

- (i) investment holding;
- (ii) repackaging, marketing and distribution of edible oil and other food products; and
- (iii) distribution of lamp oil and other trading products.

The following is overview of our Group's principal activities and business model:

Principal activities	Repackaging, marketing and distribution of RBD palm olein oil products		Trading of third-party products
Products	Cooking oil: - subsidised - non-subsidised	Lamp oil	Complementary products such as margarine
Customer segment	- Retailers - Wholesalers - Hotel, restaurant and catering operators - Food manufacturers	Retailers	- Retailers - Wholesalers - Hotel, restaurant and catering operators - Food manufacturers
Market	Malaysia		

Further details of our Group's business are set out in Section 7 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.3 COMPETITIVE STRENGTHS

Some of our competitive strengths are as follows:

3.3.1 We have a large customer base and some of our customers have a wide network of end-customers

Our Group has more than 500 customers in each of the FYEs Under Review, mainly retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers.

Our Group's large customer base also enables us to continue securing new orders as well as cross-selling other types of edible oil products such as high oleic soybean oil products (part of our Group's future plans).

3.3.2 We have the ability to cater to different needs and customer segments

Our Group's products can be used by a diverse range of customers and industries for the following reasons:

Different packaging sizes	Subsidised and non-subsidised
Smaller packaging sizes are suitable for household use	Subsidised products may be catered to customers who are licensed under Control of Supplies Act 1961 and registered under eCOSS system Non-subsidised products may be catered to all customers
Bigger packaging sizes are suitable for commercial use	

3.3.3 We have an experienced and committed key management team

We are led by an experienced and committed key management team with many years of experience in their respective fields. Wong Hing Ngiap (Managing Director) and Wong Hin Loong (Executive Director) are founders of our Group and have been instrumental in building our business since inception. They each have more than 30 years of experience in the repackaging, marketing and distribution of RBD palm olein oil.

Both of them are supported by Choo Wai Yeen (Chief Operating Officer), Dee Bee Lian (Chief Financial Officer), who each have more than 25 years of relevant experience in their respective fields.

3.3.4 We have a sustainable business due to palm oil being an essential food ingredient

Cooking oil, including RBD palm olein cooking oil, is an essential food ingredient used in various food manufacturing and preparation processes such as frying, baking, flavoring, sauteing, roasting and grilling. It is thus consumed on a daily basis.

As compared to other types of cooking oils, particularly sunflower oil, rapeseed oil, olive oil and soybean oil, RBD palm olein cooking oil is the lowest priced cooking oil. Therefore, it is the most cost-effective cooking oil option for households, hotel, restaurant and catering operators, and food manufacturers. This resulted in RBD palm olein cooking oil being one of the most commonly consumed cooking oil.

Further details of our competitive strengths are set out in Section 7.5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

3.4.1 We intend to expand our product range to include high oleic soybean oil

Our Group intends to expand the range of products we repackage, market and distribute to include other types of edible oils, particularly high oleic soybean oil.

As at the LPD, our Group has received enquiries from food manufacturers, to procure high oleic soybean oil for use in their factories.

To this end, our Group intends to set up a new packaging facility at Factory No. 9. Further details are as set out in Sections 4.8 and 7.22 of this Prospectus.

3.4.2 We intend to grow our geographical reach to grow our sales

Our Group intends to grow our sales from existing and new customers based in other states in Malaysia, particularly Perak, Negeri Sembilan, Melaka and Pahang due to the proximity of these states to Kuala Lumpur and Selangor, where Factory No. 11 is located and our Group can easily extend our sales reach and deliver products to these states.

Our Group recognises that new markets, such as the above-mentioned states in Malaysia, are untapped potential markets for the Group. Thus, by extending our reach to other states in Malaysia, our Group will be able to extend our reach to new customers, as well as serve our existing customers with operations in the abovementioned states in Malaysia. Our Group may also explore potential new markets in the future.

Further details of our business strategies and future plans are set out in Section 7.22 of this Prospectus.

3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9.

Some of the more important risk factors are summarised below:

3.5.1 We may be adversely affected if we are unable to source RBD palm olein oil in sufficient quantities and/or at acceptable prices

We source RBD palm olein oil from 4 suppliers in Malaysia. Accordingly, the availability of RBD palm olein oil required for our business at commercially acceptable prices are critical to our ability to maintain our GP margins and to deliver products promptly and reliably to our customers. If we are unable to obtain the volume of RBD palm olein oil required for our operations in sufficient quantities or at prices commercially acceptable to us, our business operations and financial performance may be adversely affected.

3.5.2 We may face disruptions in our packaging facility and business operations

We have 14 packaging lines to repackage our products in various packaging sizes and types, including polybags, jerry cans, tin cans, bottles and IBCs. This being the case, we depend on the continued operation of our packaging lines. Our packaging lines may be susceptible to unanticipated breakdowns or damages.

3. PROSPECTUS SUMMARY (CONT'D)

3.5.3 We depend on our ability to secure new contracts and customers

We do not enter into long-term contracts with our customers due to the potential volatility of CPO and RBD palm olein oil prices. While our Group has managed to secure repeat orders from some of our customers and have built longstanding business relationships with our major customers, any adverse economic conditions, price fluctuations or more competitive prices offered by other industry players may negatively impact our sales, which may adversely affect our Group's financial performance and business operations.

3.5.4 We are dependent on our Directors and our key management for the continuing success of our Group

We do not enter into long-term contracts with our customers due to the potential volatility of CPO and RBD palm olein oil prices. The maximum contract period that we have with our customers is for 6 months during the FYEs Under Review. The absence of long-term contracts poses a risk of losing our existing customers, which would impact our financial performance. As such, we are dependent on our ability to secure new contracts with our existing customers, as well as secure new customers.

3.5.5 We may not be able to successfully execute our business strategies and future plans

Our Group plans to expand our product range to include high oleic soybean oil as well as grow our sales to other states in Malaysia. The future growth of our Group and the successful development of our future business strategies are dependent on, amongst others, the timely and cost-effective for the rebuilding of Factory No. 9, our ability to attract appropriate personnel to expand our headcount, our ability to venture into the repackaging, marketing and distribution of high oleic soybean oil business and our ability to market our products to potential and existing customers. There can be no assurance that we will be able to successfully implement our business strategies and future plans.

3.5.6 We are exposed to price fluctuation and availability of materials and supplies

We are susceptible to the risk of price fluctuation of RBD palm olein oil products, which is dependent on prices of the raw material, i.e. CPO. As CPO is a major commodity, its pricing is dependent on global supply and demand factors, including but not limited to, weather conditions such as flooding or dry spells, global economic conditions, inflationary pressure, and new policies or regulations. If there is a significant increase in the cost of raw materials, our GP margins and financial conditions may be adversely affected.

3.5.7 We may face competition from other industry players involved in the repackaging, marketing and sale of RBD palm olein oil products

Our Group competes with industry players involved in the repackaging, marketing and sale of RBD palm olein oil products. They may compete with us in terms of branding, pricing and ability to deliver in a timely manner.

Some of our competitors may have longer operating history, better financial capability, stronger marketing abilities (which may lead to stronger brand recognition) and larger customer base. As a result, customers may be more inclined to purchase the product of our competitors. While we compete based on the quality of our products and good track record, there is no assurance that we will be able to compete effectively with existing or new competitors in the future.

Further details of our risk factors are set out in Section 9 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)**3.6 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

Name	Designation
<u>Directors</u>	
Abdul Razak Bin Dato' Haji Ipap	Independent Non-Executive Chairman
Wong Hing Ngiap	Managing Director
Wong Hin Loong	Executive Director
Thong Kooi Pin	Independent Non-Executive Director
Keh Siew Hoon	Independent Non-Executive Director
Kok Yi Ling	Independent Non-Executive Director
<u>Key Senior Management</u>	
Choo Wai Yeen	Chief Operating Officer
Dee Bee Lian	Chief Financial Officer
Woi Chee Keong	Factory Manager

Further details of our Directors and key senior management are set out in Section 5 of this Prospectus.

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company (who are Malaysians) before and after our IPO are set out below:

Name	Before the IPO / As at the LPD				After the IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoters and substantial shareholders</u>								
Wong Hing Ngiap	97,960,000	48.98	⁽³⁾ 2,040,000	1.02	87,960,000	33.07	⁽³⁾ 2,040,000	0.77
Wong Hin Loong	97,960,000	48.98	⁽⁴⁾ 2,040,000	1.02	87,960,000	33.07	⁽⁴⁾ 2,040,000	0.77

Notes:

- (1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.
- (2) Based on our enlarged issued share capital of 266,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his son's interest pursuant to Section 8 of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)**3.8 UTILISATION OF PROCEEDS**

The gross proceeds of RM[•] million raised by our Company from our Public Issue are intended to be used in the following manner:

Details of utilisation of proceeds	Gross proceeds (RM'000)	%	Estimated timeframe for utilisation from our Listing
Expansion of our packaging facility	[•]	[•]	Within 18 months
Purchase of new delivery trucks	[•]	[•]	Within 12 months
Working capital	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 3 months
Total	[•]	100.00	

Further details of our utilisation of proceeds are set out in Section 4.8 of this Prospectus.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out the key financial and operational highlights of our Group for the FYEs Under Review:

Financial

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	42,574	59,742	78,236
GP	5,432	7,991	11,985
PBT	2,417	4,261	8,005
PAT	1,852	3,262	6,029
GP margin (%) ⁽¹⁾	12.76	13.38	15.32
PBT margin (%) ⁽²⁾	5.68	7.13	10.23
PAT margin (%) ⁽³⁾	4.35	5.46	7.71
Basic EPS (sen) ⁽⁴⁾	0.70	1.23	2.27
Diluted EPS (sen) ⁽⁴⁾⁽⁵⁾	0.70	1.23	2.27

Notes:

- (1) GP margin is computed based on our GP over revenue.
- (2) PBT margin is computed based on our PBT over revenue.
- (3) PAT margin is computed based on our PAT over revenue.
- (4) Basic and diluted EPS is calculated based on PAT attributable to owners of our Company divided by 266,000,000 enlarged total number of Shares after our IPO.
- (5) Our Company does not have any outstanding convertible securities at the end of the financial years.

3. PROSPECTUS SUMMARY (CONT'D)**Revenue by business activities**

The table below presents the breakdown of our total revenue by business activities:

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
<u>Subsidised RBD palm olein oil products</u>						
Sawit Emas						
- COSS	18,853	44.29	20,205	33.82	20,218	25.84
- MKHMM	-	-	8,869	14.85	5,109	6.53
Vitamas	-	-	803	1.34	374	0.48
- MKHMM	-	-	803	1.34	374	0.48
	18,853	44.29	29,877	50.01	25,701	32.85
<u>Non-subsidised RBD palm olein oil products</u>						
Sawit Emas	18,627	43.75	23,807	39.85	44,183	56.48
Vitamas	1,406	3.30	1,143	1.91	2,902	3.71
Pingat Emas	2,738	6.43	3,899	6.53	3,802	4.86
Unbranded (IBC)	549	1.29	659	1.10	1,270	1.62
	23,320	54.77	29,508	49.39	52,157	66.67
Repackaging, marketing and distribution of RBD palm olein oil products	42,173	99.06	59,385	99.40	77,858	99.52
Trading of third-party products	401	0.94	357	0.60	378	0.48
Total revenue	42,574	100.00	59,742	100.00	78,236	100.00

Further details of our financial information are set out in Section 12 of this Prospectus.

3.10 DIVIDEND POLICY

We currently do not have a fixed dividend policy. Our ability to distribute dividends or make other distributions to shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Our ability to declare and pay dividends is subject to the discretion of the Board. However, the intention to recommend dividends should not be treated as a legal obligation to do so. The level of dividends should also not be treated as an indication of our future dividend policy.

During FYEs Under Review, we declared and paid the following dividends to shareholders of the respective subsidiaries:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Dividends declared and paid	3,000 ⁽¹⁾	20 ⁽²⁾	6,020 ⁽³⁾

3. PROSPECTUS SUMMARY (CONT'D)

Notes:

- (1) RM3.00 million was declared by SCEO on 4 September 2020 and paid on 7 September 2020.
- (2) RM20,000 was declared by SCSM on 20 April 2021 and paid on 28 April 2021.
- (3) RM6.02 million was declared in 3 tranches:
 - (i) RM20,000 was declared by SCSM on 20 April 2022 and paid on 26 April 2022;
 - (ii) RM3.0 million was declared by SCEO on 27 October 2022 and paid on 15 November 2022; and
 - (iii) RM3.0 million was declared by SCEO on 9 March 2023 and paid on 17 July 2023.

Subsequent to the FYE 2023 and up to the LPD, no dividend has been declared, made or paid by our Group to our shareholders. Our Company does not intend to declare any dividend prior to our Listing.

Further details of our dividend policy are set out in Section 12.12 of this Prospectus.

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