

## 7. BUSINESS OVERVIEW

### 7.1 OVERVIEW

We are principally involved in the repackaging, marketing and distribution of RBD palm olein oil products. Our main products are RBD palm olein cooking oil, which are sold under our in-house brands – “Sawit Emas” and “Vitamas”, or sold unbranded. We also sell RBD palm olein lamp oil under our in-house brand, “Pingat Emas”.

The Group’s products are consumed and used commercially and in households. Our customer base comprises:

- retailers, who will sell the products to consumers;
- wholesalers, who typically sell the products to hotel, restaurant and catering operators, and food manufacturers as well as retailers; and
- hotel, restaurant and catering operators, and food manufacturers, who will use the products in their daily operations.

In summary, our RBD palm olein oil products are sold under the following in-house brands:

Brands	Features
Vitamas	<b>Product type:</b> Cooking oil
Sawit Emas	<b>Product type:</b> Cooking oil
Pingat Emas	<b>Product type:</b> Lamp oil, which is used in oil lamps (commonly present in religious and cultural practices or during festive occasions in Malaysia)

Upon request from customers, we will source third-party branded products (mainly margarine) for our customers in the retail, wholesale, hospitality and food industries. As at the LPD, we sourced and distributed “Adela”, “Pelangi” and “Bunga Emas” margarine.

We typically deliver products to our customers’ manufacturing facilities, warehouses / distribution centres or retail locations.

All of our Group’s revenues are generated in Malaysia, with a majority of our products sold and delivered to customers based in Kuala Lumpur and Selangor. For the FYEs Under Review, sales generated from customers based in Kuala Lumpur and Selangor comprised between 95.09% and 97.02% of our Group’s revenues. Our Group’s other customers are based in Negeri Sembilan, Johor, Pahang, Perak, Sarawak, Melaka and Terengganu.

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## 7. BUSINESS OVERVIEW (CONT'D)

In summary, our business model is as illustrated below:

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

The breakdown of our revenue by product type is as follows:

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
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
<b>Total revenue</b>	<b>42,574</b>	<b>100.00</b>	<b>59,742</b>	<b>100.00</b>	<b>78,236</b>	<b>100.00</b>

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 PRINCIPAL ACTIVITIES AND PRODUCTS

Our principal activities are as follows:

#### (a) Repackaging, marketing and distribution of RBD palm olein oil products

RBD palm olein oil is the liquid form of palm oil that is derived from the fractionisation of palm oil. RBD palm olein oil is oil that has been refined, bleached and deodorised, rendering it suitable to be used as cooking oil.

Cooking oil is a key ingredient used in the manufacturing and preparation of food, which is consumed on a daily basis. It is a source of fats and fatty acids and provides energy to the human body.

In addition, RBD palm olein oil remains stable under high heat as it has a smoke point of approximately 230°C. Smoke point refers to the temperature to which oil can be heated before it smokes and discolours, indicating changes in chemical or physical properties and rendering it less suitable for continued usage.

RBD palm olein oil can also be used as lamp oil, which is used in oil lamps that are commonly present in religious and cultural practices or during festive occasions in Malaysia.

Our customers procure RBD palm olein oil products from our Group as we can offer the following value-added activities:

#### **Sourcing activities**

Our Group sources RBD palm olein oil from a network of suppliers comprising local palm oil refineries, which provide our Group with a continuous supply of RBD palm olein oil. Our Group identifies suppliers by evaluating their product quality, production capacity, market reputation, timeliness of delivery and price competitiveness, amongst others.

Our Group sources and stores RBD palm olein oil based on customer orders and anticipated demand from observing customer purchasing patterns and past orders. If required, we will source RBD palm olein oil that meets our customers' specifications in terms of the oil's iodine value and slip melting point. Generally, we will place orders with suppliers before the volume of oil reserves in our storage tank falls below 120 MT from the total capacity of 382 MT, to ensure we have sufficient supply to complete existing orders and to anticipate for future demand.

Our Group monitors CPO market prices as frequently as needed to stay updated on market price fluctuations (which correlate with RBD palm olein oil prices) by way of, among others, gathering information from various sources such as commodity price indices, information from suppliers, feedback from oil palm plantation owners as well as the Government's policies for our Group to effectively negotiate pricing terms which include the price and volume that should be procured at the price offered by our suppliers. These pricing terms are typically set out in 1-month arrangements with suppliers.

For transport of RBD palm olein oil from supplier premises to Factory No. 11, our Group uses the following methods:

- tanker owned by our Group with a loading capacity of approximately 42 MT;

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- renting tankers from third-party vendors that have been recommended by our suppliers (as and when required);
- tankers owned / arranged by our suppliers.

When a tanker arrives at Factory No. 11, we will measure the weight of the tanker to ensure the correct amount of RBD palm olein oil is delivered.

### **Repackaging activities**

Our Group's RBD palm olein oil products are packaged at Factory No. 11. As at the LPD, Factory No. 11 is equipped with:

- (a) 14 packaging lines to package and label products in various packaging sizes and types, comprising:
  - 6 packaging lines for polybags;
  - 3 packaging lines for jerry cans and tin cans;
  - 4 packaging lines for bottles; and
  - 1 packaging line for IBC;

The different packaging sizes and types allow our Group to cater to different customer needs:

- 1kg, 2kg, 3kg and 5kg bottles: suitable for household use and are generally sold to retailers for their onward sale to consumers; and
  - 5kg bottles and 17kg jerry cans / tin cans and IBC: suitable for commercial use and are generally sold to retailers, hotel, restaurant and catering operators, and food manufacturers;
- (b) an industrial oil sampling analyser to test the RBD palm olein oil to ensure that it meets the PORAM standard certifications and/or customer specifications; and
  - (c) storage tanks to keep a total capacity of 382 MT of RBD palm olein oil prior to the repackaging process.

As an assurance of our Group's product quality and safety, the following certifications have been issued to our Group's Factory No. 11:

- (a) MeSTI Secure Food Certification Scheme, an independent certification for food quality and safety compliance; and
- (b) "HALAL" certification, which provides assurance that the Group's RBD palm olein cooking oil is processed in a "HALAL" manner.

Our Group also has a labelling line to label our lamp oil in Ampang, Selangor, which is situated in a shop lot near to Factory No. 11. Please refer to Section 7.4 of this Prospectus for the details of our lamp oil labelling line. Our Group repackages RBD palm olein oil into bottles designated for lamp oil in Factory No. 11 before sending these bottles to the lamp oil labelling line.

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### Marketing and distribution of products under its in-house brands

Our Group markets and distributes RBD palm olein cooking oil under our own in-house brands. "Sawit Emas" and "Pingat Emas" products have been marketed and distributed for over 30 years while "Vitamas" products have been marketed and distributed for over 20 years.

### Logistics and distribution activities


To deliver our products to customers, our Group owns a fleet of 17 delivery trucks as at the LPD. By using these vehicles, we are not dependent on third-party delivery companies for prompt delivery to customers. This is important as RBD palm olein cooking oil is essential in food preparation and a supply shortage at the customer's end (be it retailers, hotel, restaurant and catering operators, and food manufacturers) may disrupt their operations.

We have 2 types of RBD palm olein cooking oil products as follows:

#### (a) **Subsidised RBD palm olein cooking oil**

Subsidised RBD palm olein cooking oil is cooking oil sold under the programmes established by KPDN, as detailed below:

#### COSS

<b>Brand</b>	<b>Sawit Emas</b> 
<b>Packaging size and type</b>	1kg polybag

Our Group began repackaging, marketing and distributing RBD palm olein oil in polybags since 1987 (under Sik Cheong (the partnership business)) before the COSS programme was introduced.

Under COSS, each polybag of RBD palm olein cooking oil has to be sold to consumers at a fixed retail price of RM2.50.

COSS refers to the Government subsidy programme established by KPDN as cooking oil is one of the controlled goods under the Control of Supplies Act 1961 and Control of Supplies Regulations 1974. COSS is a cooking oil subsidy program that aims to stabilise the retail price of cooking oil in Malaysia.

Under COSS, the Government allocated a quota of 60,000 MT per month nationwide for the distribution and sales of cooking oil in 1kg polybag.

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The eligibility criteria for the COSS are as follows:

- (a) The applicant must own a repackaging facility;
- (b) The applicant must have obtained a MPOB licence to buy and store the processed palm oil (PPO);
- (c) The applicant must have obtained a business licence from local authority;
- (d) The applicant must have obtained a retail licence and wholesale licence issued by KPDN under Control of Supplies Regulations 1974;
- (e) The applicant must provide details and particulars of suppliers for the RBD palm olein oil; and
- (f) The applicant must provide details of the retailers and wholesalers to be distributed by the applicant.

Applications for the COSS will be processed and if the application is approved, MPOB will conduct an inspection on the repackaging facilities to verify the details submitted by the applicant as well as quota to be granted to the applicant.

Upon inspection, MPOB will inform suppliers of RBD palm olein oil to supply the RBD palm olein oil to applicant based on the quota approved.

Our Group's products under COSS are sold under the "Sawit Emas" brand in 1kg polybags since June 2007.

As at the LPD, our Group has a quota to supply up to 700 MT of subsidised RBD palm olein cooking oil per month and the subsidy applicable to this quota is RM600 per MT sold. To illustrate, if our Group sold the maximum of 700 MT of RBD palm olein cooking oil under the COSS in a month, we stand to receive a subsidy of RM420,000 for that month (being 700 MT multiplied by RM600 per MT).

Our Group is required to submit records of our sales transactions through the eCOSS system within 7 days from the date of the sales. These records include information on the sales volume of subsidised RBD palm olein cooking oil, date of sale as well as the relevant invoices (which have been acknowledged by the customer). These records will be processed and verified by KPDN before our Group is paid the claimable amount, which will subsidise the costs of purchasing the RBD palm olein cooking oil.

Our Group applied for quota to supply under COSS and participates in the COSS programme for the RBD palm olein cooking oil in polybags in view of the following:

- we support the Government's initiative to stabilise retail prices of RBD palm olein cooking oil in polybags; and
- we will not be able to effectively compete with other competitors that have obtained quota to supply RBD palm olein cooking oil in polybags under COSS as our Group will not be subsidised by the Government but our selling price of the products will still be limited by the fixed retail price set by the Government.

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## 7. BUSINESS OVERVIEW (CONT'D)

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Our Group does not repackage, market and distribute non-subsidised RBD palm olein oil in polybags while we have the quota to supply this product under COSS in order to remain competitive. This is because our polybag products will still be subject to fixed retail price set by the Government but we will not enjoy the subsidies provided by the Government (if we do not have the quota to supply under COSS).

At this juncture, our Group is not aware if COSS is a lifetime subsidy programme despite the implementation by the Government since 2007. Should the Government cease the COSS programme, our Group will continue to repackage, market and distribute non-subsidised RBD palm olein cooking oil in polybags as long as there is demand for such products by the customers.

### **MKHMM**

The MKHMM refers to the Government subsidy programme launched on 1 August 2021 with the aim of controlling the maximum retail price of palm cooking oil, such that it does not exceed the ceiling price set by the Government. As at the LPD, the stipulated maximum retail prices that was set since 8 September 2023 (Price Control and Anti-Profiteering Act 2011) (Determination of Maximum Price) (No.13) Order 2023) are:

- RM6.90 for 1kg bottle;
- RM13.30 for 2kg bottle;
- RM19.60 for 3kg bottle; and
- RM30.90 for 5kg bottle.

Our Group began repackaging, marketing and distributing RBD palm olein oil in 1kg, 2kg, 3kg and 5kg bottles since 2006 (under Sik Cheong (the partnership business)) before the MKHMM was introduced.

Under MKHMM, the Government allocated a quota of 25,000 MT per month nationwide for the distribution and sales of bottled cooking oil.



Under this programme, our Group first obtained the approved quota for 403 MT of RBD palm olein cooking oil per month for September 2021. This approved quota was then renewed for the period commencing October 2021 until June 2022.

Subsequently, our Group obtained an approved quota for 331 MT of RBD palm olein cooking oil per month for the period commencing April 2023 until June 2023. As at the LPD, the Government has ceased issuing approved quota under the MKHMM. Thus, our Group presently does not have any quota under this subsidy programme.

The subsidy applicable under this programme is calculated based on the difference between the threshold price provided for the approved quota and the market price of RBD palm olein oil. To illustrate, if the threshold price provided for the approved quota of 403 MT is RM4,150 and the average monthly market price of RBD palm olein oil is RM6,556, the Group stands to receive a subsidy of RM969,618 if we sold the maximum 403 MT of palm olein cooking oil under MKHMM in a month.

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RBD palm olein cooking oil under MKHMM was sold under the “Sawit Emas” and “Vitamas” brands. Details of the Group’s products were as follows:

Brand	Sawit Emas	Vitamas
		
<b>Packaging size and type</b>	- 1kg bottle - 2kg bottle - 5kg bottle	- 3kg bottle - 5kg bottle

Our Group applied for quota to supply under MKHMM and participated in the MKHMM programme for the abovementioned products in view of the following:

- we support the Government’s initiative to stabilise retail prices for the abovementioned packaging sizes and type; and
- we will not be able to effectively compete with other competitors that have obtained quota to supply RBD palm olein cooking oil in 1kg, 2kg, 3kg and 5kg bottles under MKHMM as we will not be subsidised by the Government but our selling price of the products will still be limited by the maximum retail price set by the Government.

Our Group did not repackage, market and distribute non-subsidised RBD palm olein oil in 1kg, 2kg, 3kg and 5kg bottles while we had quota to supply these products under MKHMM in order to remain competitive. This is because our products in the abovementioned packaging sizes and type will still be subject to maximum retail price set by the Government but we will not enjoy the subsidies provided by the Government (if we do not have the quota to supply under MKHMM).

Since the expiry of the MKHMM programme in June 2023, our Group continues to sell the abovementioned packaging sizes and type as non-subsidised RBD palm olein cooking oil products.

### (b) Non-subsidised RBD palm olein oil products




Our Group also distributes non-subsidised RBD palm olein oil products (cooking oil and lamp oil).

Our Group repackages, markets and distributes the following types of non-subsidised RBD palm olein oil products:



**7. BUSINESS OVERVIEW (CONT'D)**

**RBD palm olein cooking oil**

Brand	Sawit Emas	Vitamas	Unbranded
Packaging size and type	 <ul style="list-style-type: none"> <li>- 1kg bottle</li> <li>- 2kg bottle</li> <li>- 5kg bottle</li> <li>- 17kg tin can</li> <li>- 17kg jerry can</li> </ul>	 <ul style="list-style-type: none"> <li>- 3kg bottle</li> <li>- 5kg bottle</li> <li>- 17kg jerry can</li> </ul>	 <ul style="list-style-type: none"> <li>- 900kg IBC</li> </ul>

Non-subsidised RBD palm olein cooking oil is sold under our in-house brands, i.e. “Sawit Emas” and “Vitamas”, or sold unbranded.


“Sawit Emas” and “Vitamas” products in 1kg, 2kg, 3kg and 5kg bottles are typically consumed by end consumers. Meanwhile, “Sawit Emas” and “Vitamas” products in 17kg tin can and jerry can are typically sold to and/or used by hotel, restaurant and catering operators, and food manufacturers.

Products in IBCs are typically sold unbranded to food manufacturers.

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**7. BUSINESS OVERVIEW (CONT'D)**

**RBD palm olein lamp oil**

<b>Brand</b>	<b>Pingat Emas</b> 
<b>Format</b>	<ul style="list-style-type: none"> <li>- 1.8litre bottle</li> <li>- 5litre bottle</li> </ul>

Non-subsidised RBD palm olein lamp oil products are sold under our “Pingat Emas” brand.

The revenue generated from the subsidised RBD palm olein oil products and non-subsidised RBD palm olein oil products were 32.85% and 66.67% of the total revenue generated in the FYE 2023, respectively. Further, the percentage of revenue contribution from the sales of subsidised RBD palm olein cooking oil in polybags under COSS were on decreasing trend (i.e. 44.29%, 33.82% and 25.84%) of the total revenue generated from FYE 2021 to FYE 2023. Please refer to Section 12.3 of this Prospectus for further information.

Moving forward, our Group expects the sales contribution from the non-subsidised RBD palm olein oil products to increase further after taking into consideration our Group’s expansion into new markets outside of Kuala Lumpur and Selangor and the expansion of our product range to include other edible oils such as high oleic soybean oil as further set out in Section 7.22 of this Prospectus.

Should the Government cease the COSS programme, our Group will continue to repackage, market and distribute non-subsidised RBD palm olein oil in polybags as long as there is demand for such products in view that RBD palm olein cooking oil is an essential food ingredient used in various food manufacturing and preparation processes as further set out in Section 7.5 of this Prospectus. As there will not be any fixed retail price for the said product, our Group and our competitors will compete as is done with non-subsidised products presently.

Therefore, our Group is of the view that the absence of the Government’s subsidy programme will not materially affect the financial position and condition of the Group.

**(ii) Trading of third-party products**

Upon request from customers, we also source third-party branded products (mainly margarine) for them. As at the LPD, we sourced and distributed “Adela”, “Pelangi” and “Bunga Emas” margarine to our customers in the retail, wholesale, hospitality and food industries.

**7. BUSINESS OVERVIEW (CONT'D)****7.3 PRINCIPAL MARKETS**

Our Group's principal market is in Malaysia. The breakdown of our customers by geographical location within Malaysia are as follows:

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Selangor	24,997	58.71	31,940	53.46	41,839	53.48
Kuala Lumpur	15,487	36.38	25,120	42.05	34,064	43.54
Others <sup>(1)</sup>	2,090	4.91	2,682	4.49	2,333	2.98
<b>Total revenue</b>	<b>42,574</b>	<b>100.00</b>	<b>59,742</b>	<b>100.00</b>	<b>78,236</b>	<b>100.00</b>

Note:

(1) Others include Negeri Sembilan, Johor, Pahang, Perak, Sarawak, Melaka and Terengganu

**7.4 OPERATIONAL FACILITIES**

Operational facilities	Function	Built-up area size of facility	Address
Factory No. 11	Management office, packaging, distribution and storage of the RBD palm olein cooking oil supplies and products	20,483.89 sq. ft.	No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor
Lamp oil labelling line (in a shop lot near to Factory No. 11)	Labelling and storing of the lamp oil	1,463.90 sq. ft.	No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor

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## 7. BUSINESS OVERVIEW (CONT'D)

The pictures below illustrate our Group's Factory No. 11 and lamp oil labelling line:



Factory No. 11



Packaging line for jerry cans and tin cans



Packaging line for bottles



Packaging line for polybags



Packaging line for IBCs

**7. BUSINESS OVERVIEW (CONT'D)**



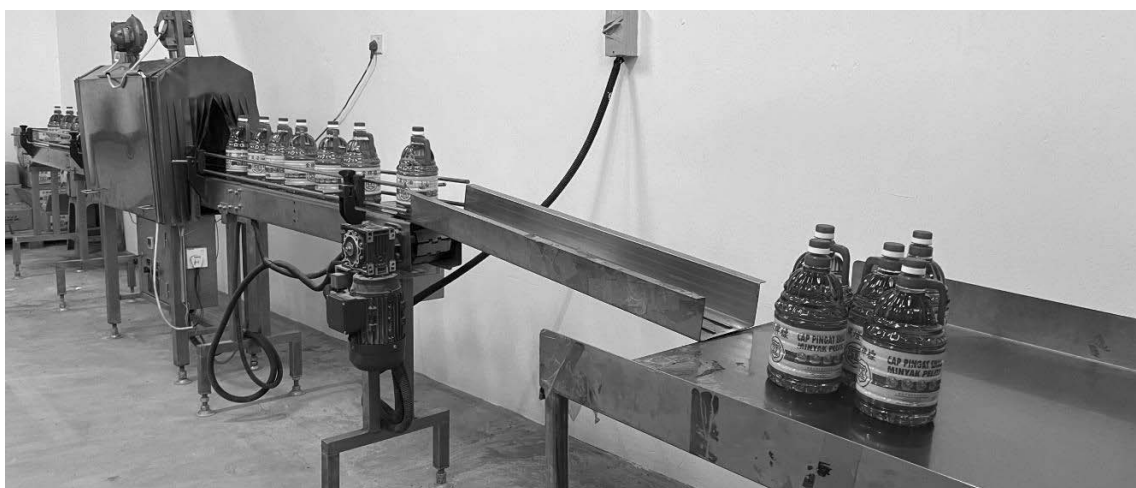
**Storage tanks**



**Storage area**



**Loading area**



**Lamp oil labelling line**

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5 COMPETITIVE STRENGTHS

**(i) 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 has longstanding business relationships with our major customers (most of which span over 10 years during the FYEs Under Review) and we have been receiving recurring orders from them. This is an indication of our ability to successfully secure and retain customers. Our Group attributes this success to our ability to reliably and promptly meet customer needs and requirements, and maintaining the quality of our products.

Our Group's large customer base 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).

In addition, our Group's customer base includes wholesalers who may resell our products to their network of retailers, hotel, restaurant and catering operators, and food manufacturers. Meanwhile, retailers such as wholesale centres, hypermarkets and supermarkets have their own chain of retail locations and can resell our Group's products to a wide network of end consumers. For the FYEs Under Review, sales generated from retailers and wholesalers contributed 72.04% to 73.72% of our Group's revenue.

Following the above, our Group is able to tap on our wide network of customers without having to set up retail locations and/or invest heavily in marketing activities.

**(ii) 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
Bigger packaging sizes are suitable for commercial use	
	Non-subsidised products may be catered to all customers

Further, our Group may also repackage, market and distribute RBD palm olein oil products under any other government subsidy programme that may be implemented from time to time.

As our Group's products may be catered to different customer types and for various uses, this reduces our dependence on any one customer segment or industry and our Group can better withstand fluctuations in demand conditions and customer preferences.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### (iii) We have the ability to reliably and promptly deliver products

In general, we deliver orders within 3 working days for customers located within the Klang Valley and within 5 working days for customers located outside the Klang Valley.

Our RBD palm olein cooking oil is essential in food preparation and a supply shortage at the customer's end (be it retailers, hotel, restaurant and catering operators, and food manufacturers) may disrupt their operations. As such, our Group recognises the importance of consistently delivering products on time or promptly, giving customers the confidence that we are a reliable supplier of RBD palm olein cooking oil. This is crucial in maintaining good business relationships with them.

Our Group's ability to achieve the above stems from the following reasons:

- we have 5 storage tanks to keep a total capacity of 382 MT of RBD palm olein oil and we maintain 120 MT of oil reserves at any point in time to ensure we have sufficient supply for ongoing operations;
- we source RBD palm olein oil from 4 suppliers, 3 of which have been supplying to our Group for the past 10 years as at the LPD;
- we have a tanker with a loading capacity of approximately 42 MT to transport RBD palm olein oil from suppliers' premises to Factory No. 11 and we may rent tankers from third-party vendors that have been recommended by our Group's suppliers as and when required;
- we have 17 delivery trucks to deliver products to customers' premises. By using these vehicles, we are not dependent on third-party delivery companies to provide prompt delivery to customers; and
- some of our packaging lines are semi-automated or fully automated, which enables us to speed up the packaging process.

Because of our ability to reliably and promptly deliver products to customers, our Group has been able to maintain long-term business relationships with our customers. On average, the length of business relationships with most of our top 5 customers spans over 10 years as at the LPD.

### (iv) We are committed to selling quality RBD palm olein oil products

Our Group recognises the importance of providing quality products consistently to ensure customer satisfaction and secure repeat orders. This is particularly essential in any food-based industry (including the business of supplying RBD palm olein cooking oil), as the quality of products is important in maintaining a good reputation in the industry.

To ensure the quality of our supplies, we have an industrial oil sampling analyser at Factory No. 11 to test RBD palm olein oil. This is important to ensure that the RBD palm olein oil meets the PORAM standard specifications and/or customer specifications for cooking oil.

Our Group has also established a Safety Committee comprising 7 personnel, who are responsible for handling machinery safety, food safety and hygiene at Factory No. 11.

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The Safety Committee is tasked to ensure that all staff are aware of personal hygiene (by wearing food handling gear such as gloves, masks and hair nets) and have current typhoid vaccinations as required under the MeSTI and HALAL certifications.

Our Group's operation, QC/QA and HSE personnel who handle the packaging of RBD palm olein oil products are required to have a food handling certificate, which they receive after attending a food handling course at a training centre that is certified by the MOH. As at LPD, our Group has 21 operation, QC/QA and HSE personnel that have obtained the relevant certification.

Our Group's Factory No. 11, tanker and delivery trucks are also cleaned on a monthly basis to minimise the risk of contamination. Our Group also examines and cleans oil filters on a monthly basis to ensure sediments in the RBD palm olein oil are kept at low levels.

Further, we have obtained the MeSTI certification since 2015 for our packaging facilities. This is an assurance that our products and processes adhere to strict guidelines in terms of cleanliness and preparation, and have been certified by the MOH. To maintain the MeSTI certification, we are subject to inspection every 3 years (with the most recent inspection being completed in 2022). This certification has not been revoked up until the LPD.

Our Group believes that our commitment to quality contributes to our good reputation over the years and this gives our customers the confidence to continue consuming or re-selling our products.

### **(v) 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.

Currently, Wong Hing Ngiap oversees our Group's strategic direction, business development and overall operations while Wong Hin Loong is responsible for supply chain management. 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.

Our key management team's combined skills, extensive experience, management capabilities and continued focus in realising our Group's business strategies have been vital for our Group's growth and will continue to be a key factor in our future development.

### **(vi) 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.



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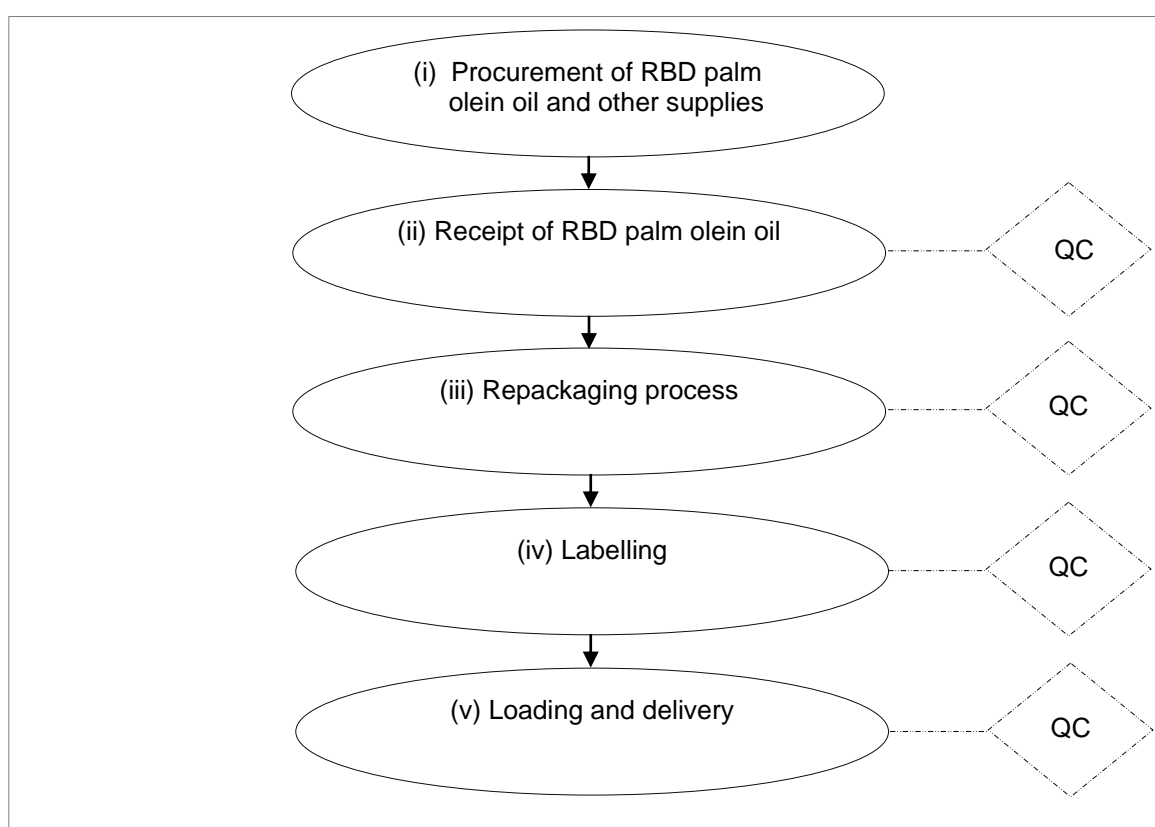
As compared to other types of cooking oils, particularly sunflower oil, rapeseed oil, olive oil and soybean oil, RBD palm olein cooking oil is the lowest priced cooking oil (Source: IMR report).

It is thus 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.

In light of the above, our Group is expected to benefit from continuous demand for our products. Thus, our business demonstrates sustainability.

### 7.6 PROCESS FLOW

Our operational processes are as depicted below:



#### (i) Procurement of RBD palm olein oil and other supplies

We are able to project the quantity of products based on our customer orders and anticipated demand. As such, our operation, QC/QA and HSE department will discuss and confirm the production planning schedule on a monthly basis.

Based on the production planning schedule, our operation, QC/QA and HSE department will first check our inventory to ascertain whether there are sufficient RBD palm olein oil and packaging materials to meet customer orders.

At any point in time, our storage tanks will have 120 MT of oil reserves. Before our oil reserves fall below 120 MT, our procurement personnel will arrange for the purchase of the RBD palm olein oil from suppliers (generally via sales contracts).

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## 7. BUSINESS OVERVIEW (CONT'D)

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We monitor CPO market prices (which correlates with RBD palm olein oil prices) to effectively negotiate pricing terms with our suppliers. These pricing terms are typically set out in 1-month arrangements with suppliers.

For the products under COSS, we have selected 2 suppliers (i.e. Intercontinental Specialty Fats Sdn Bhd and Ngo Chew Hong Oils & Fats (M) Sdn Bhd).

We source non-subsidised RBD palm olein oil from 4 suppliers (i.e. Ngo Chew Hong Oils & Fats (M) Sdn Bhd, PGEO Edible Oils Sdn Bhd, Intercontinental Specialty Fats Sdn Bhd and Lee Oilmills Sdn Bhd) during the FYEs Under Review.

If required, we will source RBD palm olein oil that meets our customers' specifications in terms of the oil's iodine value and slip melting point.

Some suppliers require us to make payment prior to taking delivery of RBD palm olein oil while others require us to make payment within a week of taking delivery. For taking of delivery, we will schedule with our suppliers ahead of collecting the RBD palm olein oil.

We will also procure other supplies such as packaging materials including bottles, jerry cans, tin cans, polybags, labels and stickers as well as carton boxes from our packaging material suppliers.

### (ii) Receipt of RBD palm olein oil

The following methods are used for transport of RBD palm olein oil from our suppliers' premises to Factory No. 11:

- our own tanker with a loading capacity of approximately 42 MT;
- renting tankers from third-party vendors that have been recommended by our Group's suppliers as and when required; and
- some suppliers use their own tankers.

Upon arrival at our Factory No. 11, the tanker is first weighed on a weighbridge to ascertain that the volume of RBD palm olein oil received is in line with the supplier's delivery order.

Our operation, QC/QA and HSE personnel will then perform a test on a sample of the RBD palm olein oil using an industrial oil sampling analyser. This is to ensure that the specifications such as level of free fatty acids, moisture and impurities, iodine value, slip melting point and colour are consistent with those stated in the Certificate of Analysis issued by the supplier and to ensure that it meets the PORAM standard specifications and/or customer specifications.

Once the RBD palm olein oil has been tested and accepted, it will be transferred into the Group's storage tanks from the tanker through a piping system. We use different storage tanks for subsidised and non-subsidised RBD palm olein oil. Our piping system is affixed with a basic filter to prevent sediments from the tanker entering the storage tank.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### (iii) Repackaging process

#### Polybags

Polybags are loaded into the packaging machine and will be automatically filled with RBD palm olein oil dispensed from storage tanks and sealed.

The polybags will be weighed on a random basis using a weighing scale after they are filled and sealed.

#### Bottles

The bottles will be loaded onto the conveyor belt of the packaging line and automatically filled with RBD palm olein oil dispensed directly from our storage tanks. Thereafter, the filled bottles will be sealed.

The bottles will be weighed on a random basis using a weighing scale after they are filled and sealed.

#### Jerry cans, tin cans and IBCs

Jerry cans, tin cans or IBCs will be filled up using a pipe that is directly connected to one of our dispensing stations with the appropriate volume of oil.

Some packaging lines are automated and have an in-built weighing scale to ensure that the weight of a filled container is correct before the container is sealed.

For packaging lines that are semi-automated or manual, our operation, QC/QA and HSE personnel will weigh the containers on a random basis after they are filled, to ensure that the weight of the filled container is correct.

### (iv) Labelling

#### Jerry cans and bottles

We use a labelling machine to apply labels onto bottles and jerry cans.

#### Polybags and tin cans

Polybags and tin cans come with labels already printed on them and do not require additional labelling after they are filled up.

#### IBCs

We do not label IBCs as they are unbranded.

#### Lamp oil products

As set out in Section 7.4 of this Prospectus, we also have a labelling line to label our lamp oil in Ampang, Selangor, which is situated in a shop lot near to Factory No. 11.

Once the lamp oil containers have been filled in Factory No. 11 and pass the QC test, the lamp oil containers will be transported to this shop lot for labelling.

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**7. BUSINESS OVERVIEW (CONT'D)**

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Once the labelling process is complete, the products will undergo another round of quality inspection by our operation, QC/QA and HSE personnel to ensure that the labelling is appropriate. Subsequently, the products will be packaged into carton boxes according to the type and size of the product.

**(v) Loading and delivery**

Prior to delivery, our operation, QC/QA and HSE personnel will conduct a quality inspection on a random basis to ensure our products are properly packaged and that there are no leakages. The quantity and type of products are also inspected to ensure that they meet the delivery order prior to loading into delivery trucks. Once the above is done, we will proceed with delivery to the customer premises using our delivery trucks.

Should there be any discrepancies in terms of packaging type and volume of products after delivery, we will first investigate and provide the customer with the shortfall if needed.

Our RBD palm olein cooking oil has an expiry date of 12 months from the date of the packaging.

Our lamp oil does not need to specify any expiry date as it is not meant for human consumption.

On a monthly basis, the Group will submit to MPOB the volume of RBD palm olein cooking oil that we have purchased and sold.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.7 QUALITY ASSURANCE AND CONTROL PROCEDURES

We have established and implemented the following QC measures for our business activities:

Process flow stage	QC process
Receipt of RBD palm olein oil	<p>Upon receipt of RBD palm olein oil at our Group's Factory No. 11, our operation, QC/QA and HSE personnel will carry out the following measures:</p> <ul style="list-style-type: none"> <li>- weigh the tanker using a weighbridge to ascertain that the volume of RBD palm olein oil received is in line with supplier's delivery order; and</li> <li>- perform test on a sample of the RBD palm olein oil using our industrial oil sampling analyser (please see Section 7.8 of this Prospectus for further details).</li> </ul>
Repackaging	<p>During the repackaging process, our Group's operation, QC/QA and HSE personnel will conduct the following steps:</p> <ul style="list-style-type: none"> <li>- monitor the weight of the bottles, jerry cans, tin cans and IBCs before and after being filled to ensure the weight of the filled container is correct;</li> <li>- in respect of polybags, random inspection on the weight of the filled polybags will be conducted every half an hour; and</li> <li>- conduct random inspection on the weight of jerry cans, tin cans and bottles which have been packed into carton boxes to ensure that the weight is correct.</li> </ul>
Labelling	<p>Our Group's operation, QC/QA and HSE personnel will conduct a visual inspection to ensure the following standards are met:</p> <ul style="list-style-type: none"> <li>- the packaging is sealed tight to avoid contamination and oxidisation;</li> <li>- the label adheres securely to the packaging; and</li> <li>- the packaging is correctly labelled and expiry dates are accurate.</li> </ul>
Loading and delivery	<p>Prior to loading of the carton boxes into delivery trucks, the carton boxes are kept overnight in the storage area for observation to ensure that there are no leakages as the visual signs of a leakage may only be apparent after the passage of a certain period of time.</p> <p>The quantity and type of products are also inspected to ensure that they meet the delivery order prior to loading of the carton boxes into delivery trucks.</p>

## 7. BUSINESS OVERVIEW (CONT'D)

In addition, our Group established and implemented the following quality assurance measures:

- (i) the nozzle of the sealing machine is cleaned before use and the working temperature of this machine is maintained at an appropriate level to avoid spillage;
- (ii) oil filters are examined and cleaned on a monthly basis to ensure sediments in the RBD palm olein oil are kept at low levels;
- (iii) calibration is conducted on our packaging lines and storage tanks on an annual basis to ensure they are in good condition and operate efficiently;
- (iv) maintenance activities are carried out on our packaging lines prior to operational usage, and equipment is cleaned during non-operational hours on a daily basis;
- (v) Factory No. 11 is cleaned and pest control is carried out on a monthly basis to minimise the risk of contamination;
- (vi) our Group's tanker and delivery trucks are cleaned on a weekly basis to ensure cleanliness and to reduce the risk of contamination; and
- (vii) all workers are required to maintain good personal hygiene and wear appropriate protective clothing and equipment while working in the Factory No. 11 and labelling line.

Further, our Group also presently comply with the following standards and certifications:

Standard certificate /	Certification body	Year awarded first	Latest renewed year	Expiry date
HALAL Certificate	JAKIM	1 March 2016	1 December 2023	30 November 2025
MeSTI Certificate	MOH	28 October 2015	18 February 2022	17 February 2025

### 7.8 TECHNOLOGY USED

Our Group relies on the technology embedded in our semi-automated and fully-automated packaging lines for the packaging and labelling of our products. We also use an industrial oil sampling analyser to ensure oil samples meet the PORAM standard specifications.

### 7.9 RESEARCH AND DEVELOPMENT ACTIVITIES

We do not undertake, and have not undertaken, any research and development activities in connection with our business operations in the repackaging, marketing and distribution of RBD palm olein oil products.

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**7. BUSINESS OVERVIEW (CONT'D)****7.10 OPERATING CAPACITIES AND UTILISATION RATES**

The maximum operating capacity and utilisation rates of our Group's packaging lines for the FYE 2021 to FYE 2023 are set out below:

	Maximum operating capacity (MT)	Actual output (MT)	Utilisation rate (%)
<b><u>FYE 2021</u></b> <sup>(1)</sup>			
COSS products <sup>(2)</sup>	14,109	7,894	55.95
Bottled products	15,043	2,202	14.64
Jerry can and tin can products <sup>(3)</sup>	10,781	3,042	28.22
IBCs	1,903	160	8.41
Lamp oil	5,052	483	9.56
<b><u>FYE 2022</u></b> <sup>(4)</sup>			
COSS products	12,895	8,395	65.10
Bottled products	14,993	3,040	20.28
Jerry can and tin can products <sup>(3)</sup>	10,746	3,114	28.98
IBCs	1,896	120	6.33
Lamp oil	5,036	613	12.17
<b><u>FYE 2023</u></b> <sup>(5)</sup>			
COSS products	12,497	8,400	67.22
Bottled products	14,531	5,411	37.24
Jerry can and tin can products <sup>(6)</sup>	15,639	3,436	21.97
IBCs	1,838	239	13.00
Lamp oil	4,880	508	10.41

**Notes:**

- (1) Maximum operational capacity was computed based on the volume of products that can be repackaged daily, based on an 8-hour shift daily and 302 working days in a year (excluding Sundays and public holidays).
- (2) Based on 7 COSS packaging lines, where 1 COSS packaging line was disposed in October 2020.
- (3) Based on 2 packaging lines for tin can and jerry cans.
- (4) Maximum operational capacity was computed based on volume of products that can be repackaged daily, based on an 8-hour shift daily and 301 working days in a year (excluding Sundays and public holidays).

**7. BUSINESS OVERVIEW (CONT'D)**

- (5) Maximum operational capacity was computed based on volume of products that can be repackaged daily, based on an 8-hour shift daily and 271 working days in a year. Due to changes in Government regulations relating to number of maximum working days in a week on 1 September 2022, the number of working days in a year excluded weekends and public holidays beginning 1 September 2022.
- (6) Based on 3 packaging lines for tin can and jerry cans as 1 packaging line was acquired in May 2022.

The operational capacity of Factory No. 11 is limited by the volume of products that can be stored at Factory No. 11 during the repackaging process and in the warehouse at Factory No. 11.

	FYE 2021	FYE 2022	FYE 2023
Total floor area space for repackaging activities (sq ft)	6,500	6,500	6,500
Average floor area space utilised (sq ft)	4,593	5,094	5,998
Average utilisation rate	70.66%	78.37%	92.28%
Total storage floor area space (sq ft)	9,600	9,600	9,600
Average floor area space utilised (sq ft)	8,000	7,641	8,997
Average utilisation rate	83.33%	79.59%	93.72%

**7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

The main supplies that we purchase for our business operations are RBD palm olein oil. Our purchases of RBD palm olein oil amounted to RM38.15 million, RM56.37 million and RM68.30 million for the FYE 2021, FYE 2022 and FYE 2023 respectively, and they accounted for 92.49%, 93.81% and 93.34% of our total cost of sales for the respective financial years.

Our supplies of RBD palm olein oil are sourced from local palm oil refineries. Prices of RBD palm olein oil, which correlates with price movement of CPO, generally fluctuate in accordance to demand and supply conditions and prices of other edible oils and fats and crude oil. Our Group enters into short term contracts with our suppliers which states the pricing terms for the specified period.

Meanwhile, we also procure packaging materials which amounted to RM2.72 million, RM3.40 million and RM4.49 million for the FYE 2021, FYE 2022 and FYE 2023 respectively, and they accounted for 6.60%, 5.66% and 6.13% of our total cost of sales for the respective financial years. These packaging materials are also sourced from local packaging material suppliers.

We have not experienced any shortage in any of our supplies or difficulties in obtaining any of our supplies.



**7. BUSINESS OVERVIEW (CONT'D)**

Our breakdown of purchases for the FYEs Under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023	
	RM '000	%	RM '000	%	RM '000	%
RBD palm olein oil	38,151	92.49	56,368	93.81	68,295	93.34
Packaging materials	2,721	6.60	3,403	5.66	4,485	6.13
Others <sup>(1)</sup>	375	0.91	315	0.52	386	0.53
<b>Total purchases</b>	<b>41,247</b>	<b>100.00</b>	<b>60,086</b>	<b>100.00</b>	<b>73,166</b>	<b>100.00</b>

Note:

(1) Others include trading items, mainly margarine.

**7.12 SALES CHANNELS AND MARKETING STRATEGIES****Business development**

Our Group's sales efforts are carried out by our business development and marketing department. Sales are secured through the following means:

**(i) Repeat orders from existing customers**

Our Group places emphasis on maintaining relationships with our existing customers. We strive to provide existing customers with competitive pricing and efficient service as well as follow-up on completed orders to get their feedback as well as to keep them satisfied. This in return, gives our Group recurring orders.

Where deliveries are made in carton boxes, our Group offers to purchase these carton boxes back from customers. This has the following benefits:

- an opportunity to keep in contact with customers to encourage repeated orders from them;
- cost savings, as the carton boxes are purchased from customers at a per unit cost which is lower than the per unit cost of new carton boxes procured from carton box suppliers. Our Group typically reuses carton boxes which are in good condition or sells them to scrap collectors if they are not in good condition; and
- an opportunity to incorporate sustainability practices into our Group's business operations which promote recycling and re-use initiatives.

**(ii) Referrals from existing customers**

Our Group has established a wide network of past and present customers, owing to the founders' experience in repackaging, marketing and distribution of RBD palm olein oil products for more than 30 years. Typically, these customers will refer new businesses to our Group due to our track record of consistently supplying RBD palm olein oil products promptly and reliably.

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## 7. BUSINESS OVERVIEW (CONT'D)

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**(iii) Direct approach**

Our Group also identifies new customers and approaches them directly via phone calls to introduce them to our Group's products and brands. We will also provide brochures and product samples, if requested by potential customers.

**(iv) Tender bidding**

Our Group occasionally participates in open tenders by submitting tender applications to hotels to secure a supply contract. Once we have determined that our products and resources are able to meet the requirements for a particular tender, we will formulate a proposal and submit a tender application together with a quotation to the relevant parties. As at the LPD, our Group does not have any ongoing tender bidding applications that are in the processing stage or pending approval.

**(v) Sales agent**

As at the LPD, our Group has appointed 2 sales agents via an authorised dealer agreement. The sales agent will assist our Group in securing new customers such as hotels, restaurants and catering operators.

The authorised dealer agreement specifies the minimum order quantity for a customer, and that the sales agent is not permitted to approach any of our Group's existing customers.

Once the sales agent secures an order, they will inform our Group and our Group will be responsible for delivering the order to the new customer. The sales agent will be paid a commission based on the transaction value.

### **Marketing Strategies**

Our Group creates awareness of our in-house brands and business through the following marketing activities:

**(i) Advertisements**

Our Group's delivery trucks have been wrapped with advertisements of our products and brands.

**(ii) Social media**

Our Group uses social media platforms such as Facebook, Instagram and TikTok to create awareness of our products by posting content on these platforms.

**(iii) Corporate website**

Our Group has our own corporate website (<https://www.sikcheong.com.my>), which provides information on our Group and our products. Through the website, prospective customers can contact our Group to make inquiries.

**(iv) Brochures**

Our Group provides brochures on our products to prospective customers.

**7. BUSINESS OVERVIEW (CONT'D)**

Further, our Group is a member of the Malayan Edible Oil Manufacturers' Association. As a member, our Group is kept informed of the latest industry developments and trends as well as government policies and subsidies on edible oil products, including RBD palm olein oil products.

**7.13 MAJOR CUSTOMERS****FYE 2021**

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	NSK group of companies <sup>(1)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	2,534	5.95	11
2.	Low Seat Hoong group of companies <sup>(2)</sup>	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	2,067	4.86	11
3.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	1,147	2.69	11
4.	Sri Ternak group of companies <sup>(3)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	1,126	2.64	11
5.	De First Food Manufacturing (M) Sdn Bhd	Food manufacturer	17kg tin can	825	1.94	5
<b>Total</b>				<b>7,699</b>	<b>18.08</b>	

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**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2022**

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Low Seat Hoong group of companies <sup>(2)</sup>	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	3,581	5.99	11
2.	NSK group of companies <sup>(1)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	3,341	5.59	11
3.	Sri Ternak group of companies <sup>(3)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	3,006	5.03	11
4.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	2,060	3.45	11
5.	Yu-Ai Food Industries Sdn Bhd	Food manufacturer	17kg tin can	1,405	2.35	6
<b>Total</b>				<b>13,393</b>	<b>22.41</b>	

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**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2023**

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Sri Ternak group of companies <sup>(3)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	4,853	6.20	11
2.	Low Seat Hoong group of companies <sup>(2)</sup>	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	4,769	6.10	11
3.	NSK group of companies <sup>(1)</sup>	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	3,464	4.43	11
4.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	2,948	3.77	11
5.	Ben Mart Trading Sdn Bhd	Wholesaler and retailer	5kg bottle, 17kg tin can	1,940	2.48	7
<b>Total</b>				<b>17,974</b>	<b>22.98</b>	

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**7. BUSINESS OVERVIEW (CONT'D)**Notes:

(1) Customers that are part of the NSK group of companies comprised the following:

NSK group of companies	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
NSK Trade City Sdn Bhd	690	1.62	1,448	2.43 <sup>(4)</sup>	1,225	1.57
NSK Trading Sdn Bhd	479	1.13	504	0.85 <sup>(4)</sup>	577	0.74
NSK Trading (KL) Sdn Bhd	395	0.93	432	0.72	575	0.74 <sup>(4)</sup>
NSK Trade City (NS2) Sdn Bhd	355	0.83	383	0.64	532	0.68
NSK Trade City (KL) Sdn Bhd	300	0.70	307	0.51	309	0.39
NSK Trade City (Rawang Jaya) Sdn Bhd	174	0.41	114	0.19	151	0.19
NSK Trade City (Selayang) Sdn Bhd	78	0.18	-	-	-	-
NSK Trade City (BMC) Sdn Bhd	35	0.08	104	0.17	33	0.04
NSK Trading (Meru) Sdn Bhd	28	0.07	49	0.08	50	0.06
NSK Trading City (Cheras) Sdn Bhd	-	-	-	-	12	0.02
<b>Total</b>	<b>2,534</b>	<b>5.95</b>	<b>3,341</b>	<b>5.59</b>	<b>3,464</b>	<b>4.43</b>

(2) Customers that are part of the Low Seat Hoong group of companies comprised the following:

Low Seat Hoong group of companies	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Low Seat Hoong Sdn Bhd	1,621	3.81	2,744	4.59	4,105	5.25
Low Seat Hoon Sesame Oil Food Industry Sdn Bhd	446	1.05	837	1.40	664	0.85
<b>Total</b>	<b>2,067</b>	<b>4.86</b>	<b>3,581</b>	<b>5.99</b>	<b>4,769</b>	<b>6.10</b>

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**7. BUSINESS OVERVIEW (CONT'D)**

(3) Customers that are part of the Sri Ternak group of companies comprised the following:

Sri Ternak group of companies	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Sri Ternak Food Mart Sdn Bhd	440	1.03	1,606	2.69	1,727	2.21
Sri Ternak Mart (SK) Sdn Bhd	370	0.87	1,016	1.70	1,573	2.00 <sup>(4)</sup>
ST Rosyam Mart (Shah Alam) Sdn Bhd	9	0.02	172	0.29	1,383	1.77
ST Rosyam Mart Sdn Bhd	307	0.72	212	0.35	170	0.22
<b>Total</b>	<b>1,126</b>	<b>2.64</b>	<b>3,006</b>	<b>5.03</b>	<b>4,853</b>	<b>6.20</b>

(4) Numbers differ due to rounding off adjustments.

Our Group has more than 500 customers in each of the FYEs Under Review.

Although NSK group of companies, Low Seat Hoong group of companies, TCRS Restaurants Sdn Bhd and Sri Ternak group of companies have consistently been the Group's top 5 customers for the FYEs Under Review, none of these customers contributed more than 10.00% of our Group's revenue during the FYEs Under Review.

Thus, our Group is not dependent on any of our major customers.

For our Group's major customers that are retailers and wholesalers, they generally purchase from multiple companies selling RBD palm olein oil products to offer their customers a wider range of products. For our Group's major customers that are food manufacturers, they may also purchase from more than 1 supplier.

Therefore, our Group's major customers are not dependent on our Group for the supply of RBD palm olein oil products.

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**7. BUSINESS OVERVIEW (CONT'D)****7.14 MAJOR SUPPLIERS****FYE 2021**

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies <sup>(1)</sup>	Palm oil refinery	RBD palm olein oil	18,341	44.47	10
2.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	14,155	34.32	10
3.	Lee Oilmills Sdn Bhd	Palm oil refinery	RBD palm olein oil	4,129	10.00 <sup>(2)</sup>	10
4.	PGEO Edible Oils Sdn Bhd	Palm oil refinery	RBD palm olein oil	1,694	4.11	2
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	719	1.74	11
<b>Total</b>				<b>39,038</b>	<b>94.64</b>	

**FYE 2022**

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies <sup>(1)</sup>	Palm oil refinery	RBD palm olein oil	23,522	39.15	10
2.	PGEO Edible Oils Sdn Bhd	Palm oil refinery	RBD palm olein oil	15,687	26.11	2
3.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	13,226	22.01	10
4.	Lee Oilmills Sdn Bhd	Palm oil refinery	RBD palm olein oil	4,086	6.80	10
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	897	1.49	11
<b>Total</b>				<b>57,418</b>	<b>95.56</b>	



**7. BUSINESS OVERVIEW (CONT'D)****FYE 2023**

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies <sup>(1)</sup>	Palm oil refinery	RBD palm olein oil	34,562	47.24	10
2.	PGEO Edible Oils Sdn Bhd	Palm oil refinery	RBD palm olein oil	19,182	26.21 <sup>(2)</sup>	2
3.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	13,228	18.08	11
4.	Lee Oilmills Sdn Bhd	Palm oil refinery	RBD palm olein oil	1,543	2.11	10
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	1,492	2.04	11
<b>Total</b>				<b>70,007</b>	<b>95.68</b>	

**Notes:**

(1) Suppliers that are part of Mewah group of companies comprised the following:

Mewah group of companies	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
Ngo Chew Hong Oils & Fats (M) Sdn Bhd	18,173	44.06	23,369	38.89	33,943	46.39
MOI Foods Malaysia Sdn Bhd	168	0.41	153	0.26	219	0.30
Mewah-Oils Sdn Bhd	-	-	-	-	400	0.55
<b>Total</b>	<b>18,341</b>	<b>44.47</b>	<b>23,522</b>	<b>39.15</b>	<b>34,562</b>	<b>47.24</b>

(2) Numbers differ due to rounding off adjustments

Our Group sources the main material (i.e. RBD palm olein oil) from 4 local palm oil refineries during the FYEs Under Review. Out of these 4 suppliers, our Group has maintained business relationship with 3 of them for 10 years or more as at the LPD.

Notwithstanding that the purchases from Mewah group of companies, PGEO Edible Oils Sdn Bhd, Intercontinental Specialty Fats Sdn Bhd and Lee Oilmills Sdn Bhd accounted for more than 10.00% of the Group total purchases during the FYEs Under Review, the substantial purchases of RBD palm olein oil from them were mainly due to their ready supply of RBD palm olein oil in huge quantities and the pricing terms negotiated with them.

## **7. BUSINESS OVERVIEW (CONT'D)**

Our Group is able to procure non-subsidised RBD palm olein oil from any other suppliers.

However, for the sourcing of a new supplier of subsidised RBD palm olein oil under COSS, our Group is required to inform KPDN 1 month before we procure from such supplier (on the condition that this supplier has been pre-approved by KPDN).

As at the LPD, our Group procures our subsidised RBD palm olein oil from 2 suppliers (i.e. Ngo Chew Hong Oils & Fats (M) Sdn Bhd and Intercontinental Specialty Fats Sdn Bhd). If our Group is not able to procure from these suppliers, we may procure from other suppliers, subject to the aforementioned process being followed through. Thus, our Group is not materially dependent on Ngo Chew Hong Oils & Fats (M) Sdn Bhd and Intercontinental Specialty Fats Sdn Bhd.

Our Group will enter into various short term sales contracts (for a period of 1 month each) with the following major suppliers for the purchase of RBD palm olein oil:

- Intercontinental Specialty Fats Sdn Bhd;
- Lee Oilmills Sdn Bhd;
- NGO Chew Hong Oils & Fats (M) Sdn Bhd; and
- PGEO Edible Oils Sdn Bhd.

The salient terms of the sales contracts are as follows:

- Details of the buyer and seller;
- Product to be supplied;
- Quantity to be supplied;
- Pricing per MT;
- Delivery period;
- Specification of the product to be supplied;
- Payment term; and
- Other terms as provided under Domestic Contract for Malaysian Processed Palm Oil in Bulk issued by PORAM, where applicable (which a copy of the same is made available in PORAM website, <https://poram.org.my/contracts/list-of-contracts/>).

Premised on the above, our Group is not dependent on any single major supplier, be it Mewah group of companies, PGEO Edible Oils Sdn Bhd, Intercontinental Specialty Fats Sdn Bhd or Lee Oilmills Sdn Bhd, for materials and supplies required for our business operations.

### **7.15 SEASONALITY**

We do not experience any seasonality in our business as the demand for RBD palm olein oil products is not subject to major seasonal fluctuations.

### **7.16 INTERRUPTIONS TO BUSINESS**

Our Group has not experienced any interruption to our business which had a significant effect on our operations during the past 12 months preceding the LPD, save as disclosed below.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### **Impact of the COVID-19 pandemic on our business operations and financial performance**

Due to the COVID-19 pandemic, the Government had on 16 March 2020 implemented a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. During the MCO period, all government and private premises, except those involved in essential services, were required to be closed and to cease operations.

As we are involved in the repackaging, marketing and distribution of RBD palm olein cooking oil, which is an essential product, our operational activities were allowed to continue to operate during the MCO as our business was recognised as an essential service. We thus did not face any major disruptions in FYE 2021 and FYE 2022.

Due to the resurgence in number of new daily COVID-19 cases in certain states during the conditional MCO, a national lockdown policy was implemented from 1 June 2021 to 14 June 2021 throughout Malaysia and Phase 1 of the National Recovery Plan (“**NRP**”) was implemented on 15 June 2021.

Throughout this period, most economic sectors were not allowed to operate with the exception of essential economic and service sectors. However, our Group was able to operate as usual subject to SOPs imposed by the Government as we are operating in one of the essential service sectors.

### **Impact on our financial performance**

RBD palm olein cooking oil are essential products and thus, there was continuous demand for our products despite the implementation of the MCOs and any resulting impact on the economy.



Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. As such, the COVID-19 pandemic did not have a significant adverse impact on our financial performance for the FYE 2021 and FYE 2022 and up to the LPD. Our revenue continued to grow from RM42.6 million in the FYE 2021 to RM59.7 million in the FYE 2022, and further grew to RM78.2 million in the FYE 2023.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.17 INTELLECTUAL PROPERTY**

As at the LPD, save for the trademark registration as disclosed below, we do not have any other intellectual property right registered and/or in the process of registration:

<b>Trademark</b>	<b>Approving authority</b>	<b>Registered owner / Applicant</b>	<b>Registration No.</b>	<b>Validity Period</b>	<b>Class of Trademark</b>	<b>Status</b>
	Intellectual Property Corporation of Malaysia	SCEO	99003708	<u>Registration date</u> 30 April 1999  <u>Expiry date</u> 30 April 2029  <u>Date of certificate issued</u> 29 April 2010	<u>Class 29:</u> Cooking oil	Registered
	Intellectual Property Corporation of Malaysia	SCEO	99003707	<u>Registration date</u> 30 April 1999  <u>Expiry date</u> 30 April 2029  <u>Date of certificate issued</u> 29 October 2002	<u>Class 29:</u> Cooking oil	Registered

**7. BUSINESS OVERVIEW (CONT'D)**

Trademark	Approving authority	Registered owner / Applicant	Registration No.	Validity Period	Class of Trademark	Status
<p>_____</p> <p>VITAMAS</p> <p>_____</p>	Intellectual Property Corporation of Malaysia	SCEO	01008390	<p><u>Registration date</u> 5 July 2001</p> <p><u>Expiry date</u> 5 July 2031</p> <p><u>Date of certificate issued</u> 1 October 2005</p>	<u>Class 29:</u> Cooking oil	Registered
	Intellectual Property Corporation of Malaysia	SCEO	TM2023005241	<p><u>Date of application</u> 1 March 2023</p> <p><u>Date of appeal</u> 29 August 2023</p>	<u>Class 29</u> Cooking oil	<p>Provisional Refusal (Objection) and is currently under appeal.<sup>(1)</sup></p> <p>As at LPD, SCEO has obtained a legal status for its trademark as at 7 September 2023</p>

Note:

- (1) SCEO has submitted an application for the trademark to MyIPO on 1 March 2023. On 15 August 2023, MyIPO rejected the application on the basis that the mark submitted i.e. "SC" has no meaning and it is a generic term.

## 7. BUSINESS OVERVIEW (CONT'D)

On 29 August 2023, SCEO submitted an appeal application by revising the mark to state “Sik Cheong”. As at the LPD, the appeal is pending approval from MyIPO. Our Board is of the opinion if such trademark is rejected or not be able to be registered, it will not materially affect our Group’s ability to conduct its business or operation as our Group is not dependent on the successful registration of the abovementioned trademark.

### 7.18 MAJOR APPROVALS, LICENSES AND PERMITS OBTAINED

Details of the major approvals, licenses and permits obtained by our Group as at the LPD are set out below:

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
1.	SCEO	KPDN	<p>Scheduled Controlled Goods Licence (Wholesale) No. Licence: AB10001068 <i>(Regulation 4(1) of Control of Supplies Regulations 1974)</i></p> <p><u>Purpose</u> To licence SCEO in wholesale activity of cooking oil and to store up to 450 metric ton cooking oil at the premises</p> <p><u>Location of premises</u> Factory No. 11</p>	<p><u>Issue date</u> 1 April 2023</p> <p><u>Commencement date</u> 28 January 2022</p> <p><u>Expiry date</u> 27 January 2024<sup>(1)</sup></p>	<ul style="list-style-type: none"> <li>The licensee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licensee, more than the quantity stated in the licence for the scheduled goods to which this licence applies.</li> <li>The licensee is prohibited from engaging in packaging activities for retail, supply or offer to sale other than under packaging size of 500 gram, 1 litre, 1 kilogram, 2 kilogram, 3 kilogram, 5 kilogram and 17 kilogram.</li> <li>The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil..</li> </ul>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
2.	SCEO	KPDN	<p>Scheduled Controlled Goods Licence (Retail) No. Licence: AR94476 (Regulation 4(1) of Control of Supplies Regulations 1974)</p> <p><u>Purpose</u> To licence SCEO in retail activity of cooking oil and to store up to 500 metric ton cooking oil at the premises</p> <p><u>Location of premises</u> Factory No. 11</p>	<p><u>Issue date</u> 15 March 2021</p> <p><u>Commencement date</u> 10 March 2021</p> <p><u>Expiry date</u> 9 March 2026</p>	<ul style="list-style-type: none"> <li>The licensee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licensee, more than the quantity stated in the licence for the scheduled goods to which this licence applies.</li> <li>The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.</li> </ul>	<p>Complied</p> <p>Complied</p>
3.	SCEO	Malaysian Palm Oil Board	<p>Malaysian Palm Oil Board Licence Licence No: 509180517000 (Malaysian Palm Oil Board (Licensing) Regulations 2005)</p> <p><u>Purpose</u> To licence SCEO to sell, buy, transport, store and export the processed palm oil at its premises</p> <p><u>Location of premise</u> Factory No. 1</p>	<p><u>Issue date</u> 17 July 2023</p> <p><u>Commencement date</u> 1 October 2023</p> <p><u>Expiry date</u> 30 September 2024<sup>(2)</sup></p>	None	-

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
4.	SCEO	MOH	<p>Certificate of Registration of Food Premises Registration No: FSSM061402013-01 (<i>Food Hygiene Regulations 2009</i>)</p> <p><u>Purpose</u> To certify the registration of SCEO in the following:</p> <p>(i) <u>Nature of Business</u></p> <p>As a food premises involved in manufacturing of food.</p> <p>(ii) <u>Place of Business:</u></p> <p>Factory No. 11</p>	<p><u>Issue date</u> 12 April 2023</p> <p><u>Commencement date</u> 25 June 2023</p> <p><u>Expiry date</u> 25 June 2026</p>	None	-

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
5.	SCEO	MOH	<p>MeSTI Certificate (<i>Makanan Selamat Tanggungjawab Industri Certificate</i>) License No: ME1118047-2/1</p> <p><u>Purpose</u> To certify SCEO that it has fulfilled terms and condition for certification of MeSTI for Factory No. 11</p>	<p><u>Issue date</u> 18 February 2022</p> <p><u>Commencement date</u> 18 February 2022</p> <p><u>Expiry date</u> 17 February 2025</p>	<ul style="list-style-type: none"> <li>Any changes to the name or address of the factory or premises, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premises ceased operation.</li> <li>The certificate remains the property of the MOH and it may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.</li> </ul>	<p>Complied.</p> <p>Noted. As at LPD, there is no violation of any guidelines, laws or regulations that is currently in force.</p>

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance												
6.	SCEO	Department of Islamic Development Malaysia	<p>Certification of Authentication – HALAL Serial No: A205568</p> <p><u>Purpose</u> To certify that the processed palm oil manufactured, distributed and managed by SCEO at the premises located at Factory No. 11 has complied with Islamic law and Malaysia Halal Standard and approved by the Halal Certification Panel of Jabatan Agama Islam Selangor</p>	<p><u>Issue date</u> 1 December 2023</p> <p><u>Commencement date</u> 1 December 2023</p> <p><u>Expiry date</u> 30 November 2025</p> <p><u>1<sup>st</sup> issue date</u> 1 March 2016</p>	<ul style="list-style-type: none"> <li>Any subsequent changes to the name or address of the company, factory or premises, brands, ingredients, suppliers or anything related shall be informed in writing to the Department of Islamic Development of Malaysia (JAKIM) and/or the State Islamic Religious Affairs Council/ State Department of Islamic Religious Affairs for further action.</li> </ul>	Complied												
7.	SCEO	Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya)	<p>Business and Signage License No License: L00183117</p> <p><u>Location of premise</u> Factory No. 11</p> <table border="1"> <thead> <tr> <th colspan="2">Licence Detail</th> </tr> </thead> <tbody> <tr> <td>21001</td> <td>Oil Factory</td> </tr> <tr> <td>21015</td> <td>Signage board</td> </tr> <tr> <td>21001</td> <td>Management Office</td> </tr> <tr> <td>21020</td> <td>Store</td> </tr> <tr> <td>21015</td> <td>Advertisement board</td> </tr> </tbody> </table>	Licence Detail		21001	Oil Factory	21015	Signage board	21001	Management Office	21020	Store	21015	Advertisement board	<p><u>Issue date</u> 13 October 2023</p> <p><u>Commencement date</u> None stated</p> <p><u>Expiry date</u> 31 December 2024</p>	None	-
Licence Detail																		
21001	Oil Factory																	
21015	Signage board																	
21001	Management Office																	
21020	Store																	
21015	Advertisement board																	

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance										
8.	SCEO	Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya)	<p>Business License No. License: L00753390</p> <p><u>Location of premise</u> No. 9, Jalan 6/14, Kampung Tasek Tambahan, 68000 Ampang, Selangor ("<b>Factory No. 9</b>")</p> <table border="1"> <thead> <tr> <th colspan="2">Licence Detail</th> </tr> </thead> <tbody> <tr> <td>21001</td> <td>Processing Oil</td> </tr> <tr> <td>21001</td> <td>Oil Storage</td> </tr> <tr> <td>21001</td> <td>Wholesaler &amp; supplier for cooking oil</td> </tr> <tr> <td>21001</td> <td>Management office</td> </tr> </tbody> </table>	Licence Detail		21001	Processing Oil	21001	Oil Storage	21001	Wholesaler & supplier for cooking oil	21001	Management office	<p><u>Issue date</u> 25 October 2023</p> <p><u>Commencement date</u> None stated</p> <p><u>Expiry date</u> 31 December 2024</p>	<ul style="list-style-type: none"> <li>None</li> </ul>	-
Licence Detail																
21001	Processing Oil															
21001	Oil Storage															
21001	Wholesaler & supplier for cooking oil															
21001	Management office															

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
9.	SCEO	Department of Labour, Ministry of Human Resources Malaysia	<p>Certificate of Accommodation No. License: AC/11004/2022/5048 (Section 24D(2) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990)</p> <p><u>Purpose</u> To certify that the below mentioned premises is in compliance with Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 and to place not more than 6 workers in the said premises.</p> <p><u>Location of premises</u> No.35-2C, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor</p>	<p><u>Issue date</u> 24 November 2022</p> <p><u>Commencement date</u> 24 November 2022</p> <p><u>Expiry Date</u> 24 November 2025</p>	Not to accommodate more than 6 workers in the said premises	Complied. As LPD, there are 6 workers accommodating the said premises.

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**7. BUSINESS OVERVIEW (CONT'D)**

	Name of licensee	Approving authority issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
10.	SCEO	Department of Labour, Ministry of Human Resources Malaysia	<p>Certificate of Accommodation License No.: AC/11004/2023/3773 (Section 24D(2) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990)</p> <p><u>Purpose</u> To certify that the below mentioned premises is in compliance with Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 and to place not more than 6 workers in the said premises.</p> <p><u>Location of premises</u> No. A2-60-3D, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor</p>	<p><u>Issue date</u> 20 December 2023</p> <p><u>Commencement date</u> 20 December 2023</p> <p><u>Expiry Date</u> 20 December 2026</p>	Not to accommodate more than 6 workers in the said premises	<p>Complied.</p> <p>As LPD, there are 5 workers accommodating the said premises.</p>

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
11.	SCEO	Department of Occupational Safety and Health	<p>Certificate of Fitness Licence No: PMA-SL/23/366329 <i>(Regulations 10(2) of The Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970)</i></p> <p>To certify that the goods hoist with registration number SL PMA 6455 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967</p>	<p><u>Issue date</u> None sighted.</p> <p><u>Commencement date</u> 23 August 2023</p> <p><u>Expiry date</u> 20 November 2024</p>	None	-
12.	SCEO	Department of Occupational Safety and Health	<p>Certificate of Fitness Licence No: PMT-SL/23/367278 <i>(Regulations 10(2) of The Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970)</i></p> <p>To certify that the air/vacuum/ tank with registration number SL PMT 91900 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967</p>	<p><u>Issue date</u> None sighted.</p> <p><u>Commencement Date</u> 28 August 2023</p> <p><u>Expiry Date</u> 27 November 2024</p>	None	-

**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
13.	SCSM	KPDN	<p>Scheduled Controlled Goods Licence (Wholesale) Licence No: AB10001260 (Regulation 4(1) of Control of Supplies Regulations 1974)</p> <p><u>Purpose</u> To licence SCSM in wholesale activity of cooking oil and to store up to 5,000 kilogram cooking oil at the premises</p> <p><u>Location of premises</u> No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor</p>	<p><u>Issue date</u> 29 August 2023</p> <p><u>Commencement date</u> 21 October 2023</p> <p><u>Expiry date</u> 20 October 2025</p>	<ul style="list-style-type: none"> <li>The licensee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licensee, more than the quantity stated in the licence for the scheduled goods to which this licence applies.</li> <li>The licensee is prohibited from engaging in packaging activities for retail, supply or offer to sale other than under packaging size of 500 gram, 1 litre, 1 kilogram, 2 kilogram, 3 kilogram, 5 kilogram and 17 kilogram</li> <li>The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.</li> </ul>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

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**7. BUSINESS OVERVIEW (CONT'D)**


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No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
14.	SCSM	KPDN	<p>Scheduled Controlled Goods Licence (Retail) Licence No: AR10008203 (Regulation 4(1) of Control of Supplies Regulations 1974)</p> <p><u>Purpose</u> To licence SCSM in retail activity of cooking oil and to store up to 1,000 kg cooking oil at the premises</p> <p><u>Location of premises</u> No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor</p>	<p><u>Issue date</u> 13 April 2020</p> <p><u>Commencement date</u> 27 March 2020</p> <p><u>Expiry date</u> 26 March 2025</p>	<ul style="list-style-type: none"> <li>The licensee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licensee, more than the quantity stated in the licence for the scheduled goods to which this licence applies.</li> <li>The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.</li> </ul>	<p>Complied</p> <p>Complied</p>

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**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance						
15.	SCSM	Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya)	Business License No. License: L00683861  <u>Location of premise</u> No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor  <table border="1"> <thead> <tr> <th colspan="2">Licence Detail</th> </tr> </thead> <tbody> <tr> <td>21020</td> <td>Store</td> </tr> <tr> <td>21001</td> <td>Labelling and applying sticker on the oil bottle known as "Pelita"</td> </tr> </tbody> </table>	Licence Detail		21020	Store	21001	Labelling and applying sticker on the oil bottle known as "Pelita"	<u>Issue date</u> 13 October 2023  <u>Commencement date</u> None stated  <u>Expiry date</u> 31 December 2024	<ul style="list-style-type: none"> <li>None</li> </ul>	-
Licence Detail												
21020	Store											
21001	Labelling and applying sticker on the oil bottle known as "Pelita"											

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Registration No. 202301023959 (1517882-K)

**7. BUSINESS OVERVIEW (CONT'D)**

No	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Other conditions imposed	Status of compliance
16.	SCEO	Department of Occupational Safety and Health	Approval letters to install machinery under following approval numbers:  - No Kelulusan : SL/23/PTI/100418 - No Kelulusan : SL/23/PTI/100420 - No Kelulusan : SL/23/PTI/100442 - No Kelulusan : SL/23/PTI/100443  <u>Location of premise</u> Factory No. 11	<u>Issue date</u> 14 November 2023  <u>Commencement date</u> Not applicable  <u>Expiry date</u> Not applicable	None	-

Notes:

- (1) SCEO has obtained renewal certificate from KPDN dated 29 November 2023 which is only effective on 27 January 2024 and expiring on 26 January 2026.
- (2) The licence is to be renewed not less than 1 month but not earlier than 3 months from the expiry date i.e. commencing 1 July 2024.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.19 INFORMATION ON MATERIAL LANDS AND BUILDINGS**

**7.19.1 Properties owned by our Group**

The details of the material properties owned by our Group as at the LPD are as set out below:

No.	Registered owner / Beneficial Owner	Title Details/ Property Address	Description and Existing use	Category of land use / Tenure of Property	Restrictions of Interest/Material Encumbrances	Date of issue of CF or CCC	Land/Gross built-up area	Audited NBV as at 31.3.2023 (RM'000)
1	Registered owner SCEO	<u>Title details</u> HS(M) 28328, PT 28102, Mukim Empang, Daerah Hulu Langat, Negeri Selangor  <u>Property address</u> Factory No. 9	<u>Description of property</u> Single-storey semi-detached factory  <u>Existing use</u> To be used for processing, to keep and supply edible oil as well as to be used as a management office	<u>Category of land use</u> Commercial / Industrial  <u>Express Condition</u> Commercial  <u>Tenure</u> Leasehold for 99 years, ending on 28 January 2091	<u>Restriction in interest</u> This land cannot be sold, mortgaged, charged or transferred in whatsoever manner unless upon obtaining the State Authority's consent.  <u>Encumbrances</u> None	<u>Date of issue CF</u> 20 October 1992	<u>Land size</u> Approximately 11,250 sq. ft  <u>Built-up area</u> Approximately 18,040 sq. ft	1,578

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**7. BUSINESS OVERVIEW (CONT'D)**

No.	Registered owner / Beneficial Owner	Title Details/ Property Address	Description and Existing use	Category of land use / Tenure of Property	Restrictions of Interest/Material Encumbrances	Date of issue of CF or CCC	Land/Gross built-up area	Audited NBV as at 31.3.2023 (RM'000)
2	Registered owner SCEO	<u>Title details</u> HS(M) 28329, PT 28103, Mukim Ampang, Daerah Ulu Langat, Negeri Selangor  <u>Property address<sup>(1)</sup></u> Factory No.11	<u>Description of property</u> Single-storey semi-detached factory  <u>Existing use</u> Management office, packaging, distribution and storage of the RBD palm olein cooking oil supplies and products	<u>Category of land use</u> Industrial  <u>Express Condition</u> Commercial  <u>Tenure</u> Leasehold for 99 years, ending on 28 January 2091	<u>R Restriction in interest</u> This land cannot be sold, mortgaged, charged or transferred in whatsoever manner unless upon obtaining the State Authority's consent.  <u>Encumbrances</u> None	<u>Date of issue of CF or CCC</u> 20 October 1992	<u>Land size</u> Approximately 18,067 sq. ft  <u>Built-up area</u> Approximately 20,483.89 sq. ft	Not applicable since Factory No. 11 was only registered on 1 December 2023 and as at LPD, the sale and purchase is pending completion.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.19.2 Properties rented by our Group**

A summary of the material properties rented by our Group for our operations as at the LPD is as follows:

No.	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Tenure of tenancy	Rental per month (RM)
1.	Thrive Properties	SCSM	No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor	<u>Description</u> Shophouse  <u>Existing Use</u> Labelling and storing of the lamp oil	1,463.90	1 October 2023 – 30 September 2026  <u>Renewal option</u> For another period of 3 years	2,500
2.	Thrive Properties	SCEO	No. 35-2C, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor	<u>Description</u> Shophouse  <u>Existing Use</u> Hostel to house SCEO's workers <sup>(1)</sup>	699.66	1 October 2023 – 30 September 2026  <u>Renewal option</u> For another period of 3 years	700
3.	Wong Hin Loong & Wong Hing Ngiap	SCEO	No. 2B, Jalan 3/2 Kampung Tasek Tambahan, 68000 Ampang, Selangor (“Unit 2B”)	<u>Description of Property</u> Shophouse  <u>Existing Use</u> Vacant. Proposed to be used as a hostel to house SCEO's workers <sup>(2)</sup>	1,320.00	1 October 2023 – 30 September 2026  <u>Renewal option</u> For another period of 3 years	1,100

**7. BUSINESS OVERVIEW (CONT'D)**

No.	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Tenure of tenancy	Rental per month (RM)
4.	Balamuraly A/L V.Ramachandran	SCEO	No. A2-60-3D, Jalan 6/9 Kampung Tasek Tambahan, 68000 Ampang, Selangor (“Unit A2-60-3D”)	<p><u>Description of Property</u> Shophouse</p> <p><u>Existing Use</u> Hostel to house SCEO’s workers<sup>(3)</sup></p>	1,170.00	<p>1 October 2023 – 30 September 2025</p> <p><u>Renewal option</u> For another period of 2 years</p>	800

Notes:

- (1) Certificate of accommodation was issued to SCEO by Department of Labour Peninsular Malaysia under the Ministry of Human Resources (“**Department of Labour**”) on 24 November 2022, to house 6 foreign workers. The certificate is valid for a period of 3 years from 24 November 2022 to 24 November 2025. As at the LPD, this property house 6 SCEO’s foreign workers.
- (2) On 25 April 2023, SCEO submitted an application to the Department of Labour to obtain a certificate of accommodation for Unit 2B to house its foreign workers. On 30 September 2023, SCEO obtained a support letter from the Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya) to support that Unit 2B is approved to be occupied as this property has been categorised with the status of shop-house and has been zoned under commercial and services. As at LPD, the Department of Labour has yet to issue the certificate of accommodation for Unit 2B. Our Board expects that the certificate of accommodation for Unit 2B will be issued by the first quarter 2024. On 20 December 2023, SCEO has relocated its existing foreign workers from Unit 2B to Unit A2-60-3D as Unit 2B still pending the issuance of the certificate of accommodation for Unit 2B.
- (3) Certificate of accommodation was issued to SCEO by Department of Labour on 20 December 2023, to house its 6 foreign workers. The certificate is valid for a period of 3 years from 20 December 2023 to 20 December 2026. As at the LPD, this property house 5 SCEO’s foreign workers.

As at the LPD, there is no breach of any property or land use conditions, non-compliance with any regulatory requirements, land rules or building regulations / by-laws, and environmental issue which may materially affect our Group’s operations and / or usage of properties rented by our Group as set out in Sections 7.19.1 and 7.19.2 of this Prospectus.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### 7.20 GOVERNING LAWS AND REGULATIONS

#### 7.20.1 Governing laws and regulations

Our Group's business operations are subject to the following laws and regulations:

(i) **Local Government Act 1976 ("LGA 1976") and Ampang Jaya Municipal Council's By-Laws ("AJMC By-Laws")**

The Local Government Act 1976 and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences. Every licence or permit granted by the local authority may be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason.

Any person who operates any trade, business and industry without a valid licence may be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

As our business is carried out in Ampang, Selangor, and the relevant by-laws governing the conduct of our business would be the AJMC By-Laws. Any person who operate the any activity of trade, business and industry or use any place or premise without any valid licence shall commit an offence and upon conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding one (1) year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at the LPD, our Group holds and maintains valid business and signboard licences issued by the local authorities.

(ii) **Control Supply Act 1961 ("CSA")**

The CSA 1961 is an act to provide for the control and rationing of supplies. The Control of Supplies Regulations 1961 ("**CS Regulations**") is a regulation made pursuant to the CSA 1961.

Pursuant to Regulation 3 of the CS Regulations, no person shall deal by wholesale or retail in any scheduled article or manufacture any scheduled article except under and in accordance with a licence issued under Regulation 4. The scheduled article includes cooking oil.

Pursuant to Regulation 18 of the CS Regulations, any person who carries on any trade or business, which in the course of the trade or business he uses or consumes cooking oil shall not have in his possession the quantity of cooking oil exceeding 12kg unless he has been authorized by way of a permit issued by the Controller of Supplies.

Section 22 of the CSA 1961 provides that:

- (a) Any person, other than a body corporate, but including a director or officer of a body corporate, who commits an offence against the CSA shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding 3 years or to both, and for a second or subsequent offence, to a fine not exceeding RM3,000,000 or to imprisonment for a term not exceeding 5 years or to both; and

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## 7. BUSINESS OVERVIEW (CONT'D)

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- (b) Any body corporate which commits an offence against the CSA shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

As at LPD, our Group has obtained relevant wholesale and retail licences to deal on the activities of wholesale and retail for cooking oil all of which are valid and subsisting.

**(iii) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAAA")**

The EMSHAAA prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependents, if applicable) as well as requires employers to provide health, hospital, medical and social amenities to their employees.

Employers are required to provide minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

Pursuant to Section 24D(1) of the EMSHAAA, no accommodation shall be provided to an employee unless certified with a certificate for accommodation from the Department of Labour of Peninsular Malaysia. An employer who contravenes Section 24D(1) of the EMSHAAA may be liable to a fine not exceeding RM50,000.

Our Group has obtained certificates of accommodation for all our accommodations provided to our foreign workers as at the LPD.

**(iv) Factories and Machinery Act 1967 ("FMA 1967")**

The FMA 1967 and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

Section 19(1) of the FMA provides that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. If one contravenes the FMA, an Inspector shall serve on the person a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time a valid certificate of fitness is issued. On conviction, a person shall be liable of an offence of a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

Section 36(1) (Installation of machinery etc) of the FMA further provides that no person shall install or caused to be installed any machinery in any factory or any machinery in respect of which a certificate of fitness is prescribed, except with the written approval of the officer appointed under the FMA. Section 51(1) (Penalties) of the FMA provides that any person who contravenes Section 36(1) of the FMA, shall be guilty and upon conviction be liable to a fine not exceeding RM100,000 or imprisonment for a term not exceeding 2 years or both.

As at the LPD, we holds 2 valid certificates of fitness issued by DOSH for its goods hoisting machine and unfired pressure vessel (air vacuum) which are used by our Group and we have obtained the approval letters dated 14 November 2023 for installation of machinery for 14 packaging lines in our Factory No. 11.



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**7. BUSINESS OVERVIEW (CONT'D)**

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Save for the above, there was no other machinery that required the issue of a certificate of fitness.

**(v) Street, Drainage and Building Act 1974 (“SDBA”) and Uniform Building By-Laws 1984 (“UBBL”)**

The SDBA governs matters relating to street, drainage and buildings in Peninsular Malaysia and it provides requirement to have a CCC (under UBBL) to ensure that the building is safe and fit for occupation.

Section 70(27)(f) of SDBA provides that any person who occupies or permits to be occupied any building or any part thereof without CCC shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both.

Further, pursuant to Section 70(11) of SDBA, any person who makes any alteration to any building not in accordance with the SDBA or by-laws or without the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM25,000 and a magistrate’s court shall on the application of the local authority, issue a mandatory order to alter the building in any way or to demolish it.

As at LPD, our Group has complied with the provisions as stipulated in the SDBA and UBBL.

**(vi) Malaysian Palm Oil Board (Licensing) Regulations 2005 (“MPOB Regulations”) under the Malaysian Palm Oil Board Act 1998**

No person shall, amongst other, sell, move, store, purchase or export the palm oil unless he is a holder of an appropriate licence issued under MPOB Regulations.

Any person who contravenes MPOB Regulations commits an offence and shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group has obtained the licence under the MPOB Regulations to carry out the activities to sell, move, store, purchase or export processed palm oil.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### 7.21 ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND MEASURES

We seek to place emphasis on growing our business responsibly, taking into account our environment and social impact on the community and our employees. We also seek to instill an internal governance culture. To this end, we have implemented, and are in the midst of implementing, the following practices:

#### (i) Environmental

Our Group repackages, markets and distributes RBD palm olein oil products, and our operations involve the sourcing, repackaging and labelling of RBD palm olein oil. We thus implement the following practices to reduce or minimise our impact on the environment:

- Recycling of packaging

We purchase our used carton boxes from our customers at a per unit cost which is lower than the per unit cost of new carton boxes supplied by our carton box suppliers. Carton boxes which are in good condition are reused while those that are not in good condition are sold to scrap collectors.

- Electricity usage

The building orientation of our main packaging facility maximises sunlight exposure and allow for cross ventilation. This lowers the usage of electricity for lighting and cooling devices such as fans and air-conditioners. We also use LED lighting at our main packaging facility and lamp oil shop lot which is more energy efficient and emits less heat.

In addition, we intend to invest in the installation of rooftop solar photovoltaic systems on Factory No. 9.

- Use of semi-automated and automated packaging lines to minimise wastages

We presently use semi-automated and automated packaging lines for the repackaging of RBD palm olein oil into polybags, bottles, jerry cans and tin cans. These semi-automated and automated packaging lines have sensors that will cease the filling of RBD palm olein oil into the packaging once it has reached a particular level. This avoids the occurrence of spillages which would minimise wastages.

- Proper waste management

Our operational processes generate non-scheduled (municipal) wastes such as used carton boxes which are not in good condition and plastic bags. In this regard, responsible waste management can help reduce the environmental impact of our processes by ensuring that industrial waste do not pollute the natural environment.

We strive to control unscheduled waste on-site such as used carton boxes and plastic bags. This is done by segregating wastes by type, as well as encouraging reuse and recycling practices by disposing these unscheduled wastes to recycling companies.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### (ii) Social

We recognise that our employees are valuable assets and as such, we strive to retain and nurture talent through the following practices:

- Maintain a safe and conducive workplace

Creating a positive work environment is crucial for nurturing healthy and motivated employees, enabling them to prosper and make meaningful contributions to our Group. We are dedicated to maintaining a safe and conducive workplace for our employees. To achieve this, we have established Standard Operating Procedures (SOPs) for safety and health. These SOPs include regular safety and health spot checks every quarter, ensuring the well-being of the environment in our business and factory settings. Additionally, we have developed an emergency response plan to educate and prepare our employees for any emergency situations.

- Diversity and inclusion

Our Group is dedicated to fostering diversity and inclusion in our workplace. We are committed to ensuring that recruitment, employment, placement, training, development, as well as remuneration and advancement within our Group, are based solely on an individual's qualifications, job performance, and their skills and experience. This approach allows all employees, regardless of their backgrounds, to have equal opportunities and feel valued and supported within our Group.

- Promoting personal development

We retain skilled employees and attract new talents through providing continuous training and rewarding employees with competitive remuneration packages. We set a minimum 8 hours of training per calendar year for each of our employees. By doing so, we believe that we are supporting our employees' professional development which would enhance their performance and productivity while increasing their value and future marketability.

- Participation in Government subsidy programme(s)

Our participation in the subsidy programme promoted by the Government is part of our initiative to participate and contribute towards stabilisation of retail prices of RBD palm olein cooking oil. This is expected to benefit the society at large as cooking oil is an essential food ingredient used in various food manufacturing and preparation processes.

- Donations

We contribute back to the society by donating to charitable funds. For the FYEs under review, we have donated approximately 2,000 kg of RBD palm olein cooking oil products to Yayasan Sunbeam Home, a non-governmental, self-supporting foundation which cares and nurtures for the displaced, abused and neglected children of single parent.

### (iii) Governance

We are committed to conducting our business ethically and in compliance with all applicable laws and regulations in Malaysia.

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## 7. BUSINESS OVERVIEW (CONT'D)

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These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments) and the Companies Act 2016.

We also have established the following policies and guidelines:

- Anti-bribery and anti-corruption policy and guidelines in compliance with the Malaysian Anti-Corruption Commission Act 2009 and its amendments

Our Group is dedicated to carrying out our business operations with integrity, clarity, and responsibility. To uphold these values, we have implemented an anti-bribery and anti-corruption policy. This policy is in accordance with the Malaysian Anti-Corruption Commission Act 2009 and outlines our Group stance against all types of bribery and corruption. We maintain a zero-tolerance approach to such practices, not only within our organisation but also in dealings with external entities like customers and suppliers.

- Whistleblowing policy and guidelines

Our Group is devoted to managing our business operations ethically, transparently, and responsibly. In line with this commitment, we have established a Whistleblowing Policy, compliant with the Whistleblower Protection Act 2010. This policy enables stakeholders, including customers, employees, suppliers, and the local community, to report any real suspicions or accusations regarding fraud within our Group, alleged unethical actions, or inappropriate business practices conducted by our employees or external parties in business relations with us. This policy is designed to safeguard our Group's integrity and address concerns that might impact us.

- Code of conduct and ethics in compliance with MCCG

Maintaining robust corporate governance practices is essential for promoting and upholding integrity and ethical business behavior. Consequently, our Group has adopted a code of ethics that applies to all employees and our Board members. In order to foster a Board that effectively instills these corporate governance practices within our Group, we have formed a Nomination Committee and Remuneration Committee. These committees are composed solely of Non-Executive Directors. Among its various responsibilities, the committees' key roles include assessing and evaluating the performance of our Board and Key Senior Management.

- Procurement management procedure which includes supplier evaluation and quality management system

The procurement management procedure, encompassing supplier evaluation and a quality management system, is a comprehensive approach that ensures we engage with capable and reliable suppliers. This procedure includes a thorough assessment of potential suppliers to verify their ability to meet our quality standards and fulfill our requirements consistently. Additionally, the quality management system is integrated into this process to maintain high standards of procurement. It involves regular monitoring and evaluation of both the suppliers and the goods or services they provide, ensuring continuous improvement and adherence to our organizational standards.

## **7. BUSINESS OVERVIEW (CONT'D)**

To this end, our Group's sustainability efforts are focused on enhancing our value propositions for our stakeholders and customers with the adoption of best practices. We will be watchful of the industry trends and adapt accordingly to remain at the forefront, and to stay relevant to our stakeholders.

### **7.22 BUSINESS STRATEGIES AND FUTURE PLANS**

We have identified the following strategies to strengthen our position:

**(i) We intend to expand our product range to include high oleic soybean oil**

Our Group has been involved in the repackaging, marketing and distribution of RBD palm olein oil products since 1992 and has since accumulated experience in the edible oil industry and established a customer base comprising retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers.

Our Group's experience and existing customer base serve as a foundation for us to continue to secure new orders and cross-sell other types of edible oils. Thus, 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.

Apart from that, our Group also recognises potential in high oleic soybean oil. Although it is not as widely consumed as RBD palm olein oil in Malaysia, the soybean market has potential to grow. According to the IMR report, between 2018 and 2022, the soybean oil market in Malaysia grew at a CAGR of 4.7% in terms of sales volume and a CAGR of 2.9% in terms of sales value. The growth in demand for soybean oil is expected to continue to be driven by its relatively lower price as compared to other edible oils, i.e. olive oil, sunflower oil and rapeseed oil, which will render it an affordable option for households, hotel, restaurant and catering operators, and food manufacturers; its availability as it is one of the most produced oil globally and one of the few edible oils produced in Malaysia apart from palm oil; as well as the growing population and food and beverage industry in Malaysia (Source: IMR report).

To this end, our Group intends to set up a new packaging facility at Factory No. 9. The cost of rebuilding Factory No. 9 and purchase of machinery and equipment for the repackaging of high oleic soybean oil, is expected to amount to RM[●] million. This will be funded via the Group's IPO proceeds. Further details are as set out in Section 4.8 of this Prospectus.

The new packaging facility is intended to be set up at an adjacent 3-storey factory unit to our main packaging facility, i.e. Factory No. 9.

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## 7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have achieved the following in respect of the rebuilding of Factory No. 9:

Timeline	Milestones
23 January 2023	Engaged a consultant to design the new Factory No. 9
14 March 2023	Submitted initial building plans for the new Factory No. 9 to relevant authorities
15 June 2023	Received approval on initial building plans from the authorities
27 October 2023	Submitted revised building plans for the new Factory No. 9 to relevant authorities

The indicative timeline for the remaining milestones for the rebuilding of Factory No. 9 are as follows:

Timeline	Milestones
First quarter of 2024	<ul style="list-style-type: none"> <li>- Engage a main contractor to construct the new Factory No. 9</li> <li>- Commence construction works for the new Factory No. 9</li> </ul>
Third quarter of 2025	Complete construction works of the new Factory No. 9
First quarter of 2026	<ul style="list-style-type: none"> <li>- Obtaining certificate of completion and compliance</li> <li>- Commence setting up of the new machinery and equipment</li> <li>- Complete installation and testing of the new machinery and equipment</li> </ul>
Second quarter of 2026	<ul style="list-style-type: none"> <li>- Commence operations at the new Factory No. 9</li> <li>- Conduct ISO 22000 and HACCP certification process for the new Factory No. 9</li> </ul>
Third quarter of 2026	Receive ISO 22000 and HACCP certifications for the new Factory No. 9

In conjunction with the rebuilding of Factory No. 9, we intend to purchase new machinery and equipment to be installed / used in this new facility. In particular, we intend to purchase 2 packaging lines for high oleic soybean oil, 1 labelling machine, 2 inkjet printing machines for printing batch numbers and expiry dates on the bottles, 1 receiving turn table, 3 storage tanks and other equipment such as forklifts, pallet trucks and a floor scrubber. These machinery and equipment are estimated to cost approximately RM[●] million, and will be funded via our IPO Proceeds.

We intend to use the aforementioned machinery and equipment for the repackaging, labelling and storage of high oleic soybean oil products.

## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) We intend to grow our geographical reach to grow our sales

For the FYEs Under Review, our Group's sales have been predominately generated from customers based in Kuala Lumpur and Selangor, where 95.09% to 97.02% of our total sales have been generated from Kuala Lumpur and Selangor.

Our Group has also sold and delivered our products to customers based from other states in Malaysia, though in smaller quantities. For the FYEs Under Review, the remaining 2.98% to 4.91% of our Group's total sales were generated from other states in Malaysia.

Moving forward, 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.

In order to grow our sales from these states, we intend to:

- carry out promotional sales activities to encourage customers in Perak, Negeri Sembilan, Melaka and Pahang to increase their volume of orders. We have set aside a budget of RM200,000 over the span of the next 12 months to carry out these promotional activities. This will be funded via our internally generated funds;
- recruit an Assistant Manager and Senior Sales Executive to focus on expanding customer reach in Perak, Negeri Sembilan, Melaka and Pahang by mid-2024;
- expand our fleet of delivery trucks with additional delivery trucks and recruit 3 additional lorry driver and 3 additional assistant lorry drivers. We have allocated RM[●] million of our IPO Proceeds to acquire these delivery trucks. We intend to acquire the delivery trucks and recruit these personnel within 12 months from receipt of proceeds; and
- reach out to existing customers that have network of stores or operational facilities in Perak, Negeri Sembilan, Melaka and Pahang.

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.

### 7.23 PROSPECTS

We believe that our prospects in the RBD palm olein oil repackaging industry in Malaysia is favourable, taking into account the growth of the RBD palm olein oil repackaging industry in Malaysia, our competitive position set out in **Section 7.5** of this Prospectus, and our business strategies as set out above.

According to the IMR report by Providence, the RBD palm olein oil repackaging industry in Malaysia is projected to grow at a CAGR of 20.3% between 2023 and 2025.

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**7. BUSINESS OVERVIEW (CONT'D)**

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This will be supported by the following demand drivers:

- continuous demand for RBD palm olein oil products and its downstream products from consumers which will be driven by population growth, government subsidy programmes and initiatives and lower price and ease of accessibility; and
- growth in demand from hotel, restaurant and catering operators.

Collectively, these demand drivers are anticipated to bode well for the growth potential of the RBD palm olein oil repackaging industry in Malaysia.

Further, we are also optimistic of the future growth of our Group in light of our plans to expand our range of products to include high oleic soybean oil as well as grow our reach to other states in Malaysia.

**7.24 EXCHANGE CONTROLS/ REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT**

As at the LPD, we do not have any foreign subsidiary, associated company or branch office outside of Malaysia and are not subject to any governmental laws, decrees, regulations and/ or other requirements which may affect the repatriation of capital and remittance of profits by or to our Group.

**7.25 DEPENDENCY ON CONTRACTS, PRODUCTION OR BUSINESS PROCESS, MAJOR APPROVALS, LICENCES AND PERMITS AND TRADEMARKS**

As at the LPD and save as disclosed in Section 7.18 of this Prospectus, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes.

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