

3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Allocation

Our IPO is subject to the terms and conditions of this Prospectus and the allocation of our IPO Shares shall be in the following manner:

	Public Issue Shares	
	No. of Shares	(1) %
Retail offering		
(i) Malaysian Public (via balloting) ⁽²⁾		
- Bumiputera	4,300,000	1.00
- Non-Bumiputera	4,300,000	1.00
(ii) Eligible Persons	7,650,000	1.78
Private placement		
Bumiputera investors approved by the MITI	53,750,000	12.50
Total	70,000,000	16.28

Notes:

(1) Based on the enlarged issued share capital of 430,000,000 Shares after our IPO.

(2) At least 50.00% of the balloting Shares shall be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions.

3.1.2 The principal statistics of our IPO

	No. of Shares
Share Capital	
Issued share capital as at the date of this Prospectus ⁽¹⁾	360,000,000
New Shares to be issued pursuant to the Public Issue	70,000,000
Enlarged issued share capital upon Listing	430,000,000
IPO Price per Share	RM[●]
Market capitalisation upon Listing based on the IPO Price	RM[●]
Total gross proceeds to be raised by our Company from the Public Issue ⁽²⁾	RM[●]

Notes:

(1) Based on total number of 360,000,000 Shares after the completion of our Bonus Issue of Shares and before our IPO.

(2) Calculated based on the total new 70,000,000 Shares to be issued pursuant to the Public Issue.

Further details of our IPO are set out in Section 4 of this Prospectus.

3.1.3 Moratorium on our Shares

In accordance with Rule 3.19 of the Listing Requirements, our Specified Shareholders are not allowed to sell, transfer or assign any of its holdings in our Shares as at the date of our Listing.

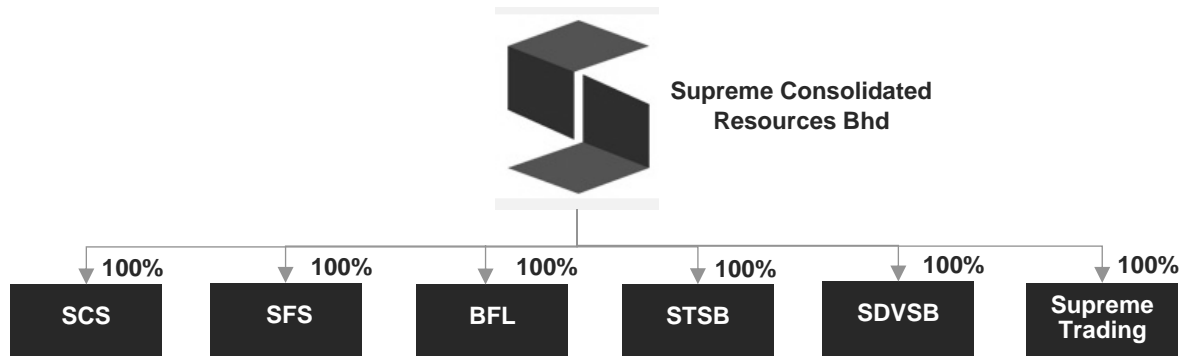
Further details of the moratorium imposed on our Shares are set out in Section 2.2 of this Prospectus and further details of our IPO are set out in Section 4.3 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.2 GROUP STRUCTURE AND BUSINESS OVERVIEW

Our Company was incorporated in Malaysia under the Companies Act 1965 (now repealed by the Act) as a private limited company on 11 July 2016 under the name of Supreme Consolidated Resources Sdn Bhd, as an investment holding company and the listing vehicle for our Group to facilitate the LEAP Market listing. On 10 July 2018, our Company was converted into a public limited company and assumed our present name. On 16 January 2019, our Company was listed on the LEAP Market of Bursa Securities.

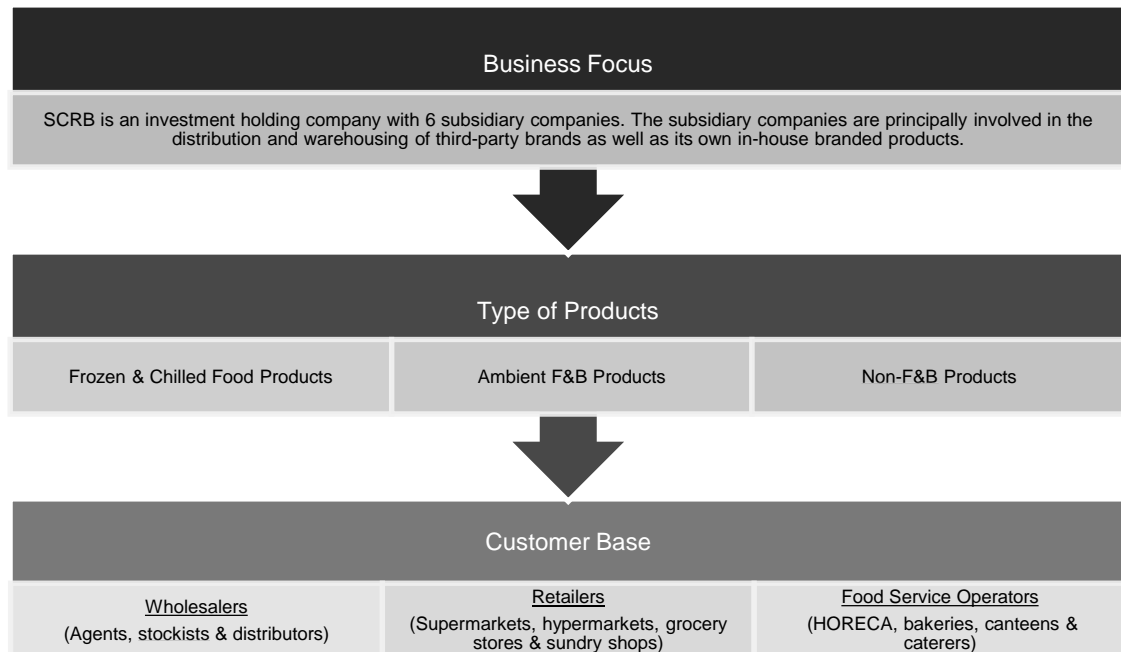
As at the LPD, our Group structure is illustrated as below:



Our Group is principally involved in the distribution of third-party brands as well as our own brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products. The principal activities of our Subsidiaries are disclosed in Section 6.4 of this Prospectus.

Further details of our Subsidiaries are set out in Section 7.1 of this Prospectus.

Our business model is as illustrated below:



3. PROSPECTUS SUMMARY (CONT'D)

3.2.1 Business activities

Our business activities are as follows:

(i) Frozen and Chilled Food Products

Our range of Frozen and Chilled Food Products include but not limited to frozen meats, frozen seafood, frozen vegetables, butter and cheese.

Our range of Frozen and Chilled Food Products that we offer under the Supreme and Best Choice brands include frozen meat products, frozen seafood products, frozen potato-based products, frozen vegetables as well as frozen processed products.

(ii) Ambient F&B Products

Our range of Ambient F&B Products include but not limited to cream, milk, pasta, juices, bread, seasonings and dressings.

Our range of Ambient F&B Products that we offer under the SUNIFEEL brand includes cordial.

(iii) Non-F&B Products

Our Non-F&B Products comprise cleaning and hygiene products such as detergents and toothpaste, which is distributed by Supreme Trading, after its acquisition by our Company in May 2023.

For the FYE 2023, revenue from the distribution of third-party brands amounted to RM186.80 million or 93.57% of our total revenue while the remaining RM12.84 million or 6.43% was derived from the distribution of our own brands of products. On the other hand, revenue contribution from Frozen and Chilled Food Products accounted for 88.34% of our total revenue, followed by Ambient F&B Products which contributed 11.49% of our total revenue and Non-F&B Products which contributed 0.17% of our total revenue.

Our customers include wholesalers, food service operators and retailers, who procure Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products from our Group for subsequent sales to their customers and consumers.

Our wholesaler customers include agents, stockists and distributors that supply to other wholesalers, retailers and HORECA. Our retailer customers include grocery stores, hypermarkets, supermarkets and sundry shops. We also have food service operator customers such as HORECA, bakeries, canteens and caterers.

For the FYE 2023, revenue contribution from our retailer customers accounted for 43.65% of our total revenue, followed by wholesalers which contributed 36.58% of our total revenue and food service operators which contributed 19.77% of our total revenue.

Further details of our business activities are set out in Section 7.2 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.2.2 Revenue segmentation

During the Financial Years Under Review, our Group's revenue was mainly generated from the distribution of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products. Our revenue segmentation by business activities for the Financial Years Under Review are summarised in the following diagrams:

Business activities

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Frozen and Chilled Food Products	166,716	88.91	187,214	89.17	176,356	88.34
Ambient F&B Products	20,786	11.09	22,739	10.83	22,939	11.49
Non-F&B Products	-	-	-	-	348	0.17
Total	187,502	100.00	209,953	100.00	199,643	100.00

Geographical location

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	186,273	99.34	208,821	99.46	197,745	99.05
Myanmar	605	0.32	826	0.39	1,898	0.95
Singapore	624	0.34	306	0.15	-	-
Total	187,502	100.00	209,953	100.00	199,643	100.00

Further details of our revenue segmentation are set out in Section 7.4 of this Prospectus.

3.3 IMPACT OF COVID-19

As we are deemed as an essential service due to the nature of our business, our Group was allowed to operate during the COVID-19 pandemic period, subject to compliance with the Government's SOP. As such, we did not experience any material interruptions to our business operations due to the COVID-19 pandemic. Our revenue growth was stable, increasing from RM144.78 million in FYE 2019 to RM163.50 million in FYE 2020.

We procure products from both domestic and overseas suppliers. We faced delays in obtaining products from our suppliers particularly from overseas due to supply chain disruptions arising from the COVID-19 border control measures and safety measures implemented by the Government as well as the countries our suppliers are based in. Notwithstanding that, we were not materially impacted by the disruptions in supply chain as we keep 2 months of inventory as our Group's standard practice.

As part of the requirements to continue operations, we implemented COVID-19 safety and health instructions and procedures, where this involved adopting physical distancing guidelines imposed by the Government, relevant authorities and local councils.

Since Malaysia transitioned to the endemic phase of COVID-19, there has not been any material impact on our Group and we do not expect any material impact on our Group during this period.

Further details on the impact of COVID-19 on our business operations and financial performance are set out in Section 7.17 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.4 SUMMARY OF RISK FACTORS

Our business is subject to a number of risk factors, many of which are outside our control. Before investing in our Shares, you should carefully consider, along with the other matters, the risk factors (which may not be exhaustive) as set out in Section 9 of this Prospectus.

The following are some of the key risks that we are currently facing or that may occur in the future:

(i) We distribute third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products

Our Group is involved in the distribution of third-party brands of consumer products in Sarawak and Sabah. The distribution of third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products comprised 94.91%, 94.58% and 93.57% of our Group's revenue in the FYE 2021, FYE 2022 and FYE 2023. Further, our procurement of frozen buffalo meat from Allanasons Private Limited contributed 21.51%, 27.18% and 23.38% of our total purchases in the FYE 2021, FYE 2022 and FYE 2023. Any material disruptions in our business dealings with third-party brand owners may affect our business and financial performance.

In the Financial Years Under Review and up to the LPD, our Group has not experienced any material adverse impact on our business operations and financial performance due to the distribution of third-party brands. Nevertheless, there can be no assurance that the risk of business disruption from the distribution of third-party brands would not have a material adverse impact on our Group in the future.

(ii) We are subject to the risk of disruptions to warehousing and cold storage facilities as well as transportation vehicles

Our business operations are dependent on the continued operations of our warehousing and cold-storage facilities as well as our transportation vehicles. Any disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles such as fire, power failure or breakdown may have an adverse impact on our operations.

In the Financial Years Under Review and up to the LPD, we have not encountered any major disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles. Despite the necessary steps taken to mitigate this risk, there can be no assurance that any occurrence of the abovementioned disruptions will not affect our business operations. We cannot guarantee that the insurance obtained is adequate and sufficient to cover all liabilities and expenses incurred. Further, we cannot assure that the insurance is renewable at the existing premium rate. Notwithstanding the above, our Group will continually review our insurance policies and coverages, and strive to obtain the most competitive premium rates.

(iii) We are subject to the risk of product liability

As a provider of market access and coverage for consumer products, we are principally involved in the distribution of third-party brands as well as our own brands and therefore exposed to product liability claims which may impact our revenue and profitability. Product liability claims generally arise due to factors, which include but not limited to manufacturing defects, product contamination, product mislabelling and use of uncertified ingredients. While product liability claims are more likely to affect product manufacturers, distributors such as our Group are also aware of the adverse reputational damage and may potentially face legal actions which may have an adverse impact on our revenue and profitability.

3. PROSPECTUS SUMMARY (CONT'D)

In the Financial Years Under Review and up to the LPD, our Group has not experienced any product liability claims, therefore we have not experienced any material adverse impact on our business operations and financial performance. Notwithstanding the above, there can be no assurance that we will not experience any product liability claims in the future. Further, there will be no liability on the part of the manufacturer if such liability is incurred or arises directly or indirectly out of the act, omission or negligence on our part.

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

3.5 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive strengths are as follows:

(i) We have a wide range of third-party brands and products for distribution

Our Group currently have a portfolio of approximately 1,438 products from 74 local and foreign third-party brands as well as our own brands, many of which are recognised brands in the market. These encompass Frozen and Chilled Food Products as well as Ambient F&B Products across a wide range of products including but not limited to frozen meats (beef, buffalo, lamb, mutton and poultry), frozen seafood, cheese, butter, cream, milk and juices. Our Non-F&B Products comprise cleaning and hygiene products. Our wide range of products enable us to meet the needs and preferences of a wide customer base.

(ii) We have a wide distribution network

Having a wide distribution network is key in ensuring that our products reach as many end consumers as possible. As such, we utilise the indirect distribution channel where we sell our products through intermediaries who will then resell these products to their respective networks of customers. Through the indirect distribution channel, we have wholesaler customers such as agents, stockists and distributors who utilise their existing network to sell our products to other wholesalers, retailers and HORECA. We also have retailer customers such as supermarkets, hypermarkets, grocery stores and sundry shops as well as food service operators customers such as HORECA, bakeries, canteens and caterers.

In addition, our business is supported by our distribution centres in Kuching and Miri. Our distribution centres are equipped with ambient warehousing facilities and cold storage facilities to cater to the storage and distribution of various types of consumer products.

(iii) We have an established track record

Our 40 years of operations in distributing third-party brand of Frozen and Chilled Food Products as well as Ambient F&B Products coupled with our emphasis on customer satisfaction have seen us forging long-standing business relationships with our customers and suppliers.

In view of our established proven track record in the industry, our Group is well positioned for other brands looking for a partner in distribution as well as local customers looking for a dependable supplier to seek as business partner.

3. PROSPECTUS SUMMARY (CONT'D)

(iv) We have experienced directors and key senior management team

We have experienced directors and key senior management team comprising Ting Ing Thai, our Non-Independent Executive Director, who possess approximately 45 years of industry experience, having been in the consumer products distribution industry since the 1970s. Our Group is led by our Non-Independent Executive Chairman, Dato Richard Wee, who upon BNDM's acquisition of SCS, has been responsible for developing the overall strategy and business development of our Group. They have played instrumental roles in steering our Group's growth strategies and business directions.

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

3.6 OUR STRATEGIES AND BUSINESS PLANS

Our Group intends to undertake the following business strategies:

- (i) to expand our product range to meet consumer demands;
- (ii) to expand our distribution network and strengthen our distribution reach in Sarawak and Sabah; and
- (iii) to expand our warehouse capacity to meet the growing needs of our Group.

Further details of our strategies and business plans are set out in Section 7.18 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

As at the LPD, our Directors and Key Senior Management are as follows:

<u>Name</u>	<u>Designation</u>
<u>Directors</u>	
Dato Richard Wee	Non-Independent Executive Chairman
Ting Ing Thai	Non-Independent Executive Director
Chin Mui Khiong	Independent Non-Executive Director
Lim Kuan Yew	Independent Non-Executive Director
Junijah binti Ismail	Independent Non-Executive Director
<u>Key senior management</u>	
Tay Pick Chong	Group General Manager
Justin Ho Tze Shiuan	Assistant General Manager cum Sales and Marketing Manager
Lim Kok Cheng	General Manager of BFL
Lim Hang Min	Group Production Manager
Ho Mui Siok	Group Finance Manager
Brandon Wee Wei Xuan	Business Development Manager
Terence Lim Tze Yung	Group Facility Manager

Further details of our Directors and Key Senior Management are set out in Sections 5.2 and 5.4 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The details of our Promoters and / or substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Place of incorporation / Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
<u>Promoters and substantial shareholders</u>									
BNDM	Malaysia	146,400,000	40.67	-	-	146,400,000	34.05	-	-
Dato Richard Wee	Malaysian	2,100,000	0.58	⁽³⁾ 146,000,000	40.67	2,100,000	0.49	⁽³⁾ 146,400,000	34.05
Lim Ah Ted	Malaysian	94,500,000	26.25	-	-	94,500,000	21.98	-	-
Ting Ing Thai	Malaysian	19,800,000	5.50	-	-	19,800,000	4.60	-	-
<u>Promoters</u>									
Ting Ing Soon	Malaysian	9,000,000	2.50	-	-	9,000,000	2.09	-	-
Lim Hang Min	Malaysian	2,400,000	0.67	-	-	⁽⁴⁾ 2,600,000	0.60	-	-
Brandon Wee Wei Xuan	Malaysian	600,000	0.16	-	-	⁽⁴⁾ 800,000	0.19	-	-
Terence Lim Tze Yung	Malaysian	-	-	-	-	⁽⁴⁾ 200,000	0.05	-	-
<u>Substantial shareholders</u>									
RSB	Malaysia	-	-	⁽⁵⁾ 146,400,000	40.67	-	-	⁽⁵⁾ 146,400,000	34.05
Datin Dona Amat Drury	Malaysian	-	-	⁽⁶⁾ 146,400,000	40.67	-	-	⁽⁶⁾ 146,400,000	34.05
Tan Chiew Ting	Malaysian	27,000,000	7.50	-	-	27,000,000	6.28	-	-

Notes:

- (1) Based on the total number of 360,000,000 Shares after completion of the Bonus Issue of Shares and before our IPO.
- (2) Based on the enlarged total number of 430,000,000 Shares upon our IPO.
- (3) Deemed interested by virtue of his substantial shareholdings in BNDM pursuant to Section 8 of the Act.
- (4) The allocation of the Pink Form Shares has been included in their respective shareholdings.
- (5) Deemed interested by virtue of its shareholdings in BNDM pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of her substantial shareholdings in BNDM pursuant to Section 8 of the Act.

Further details of our Promoters, substantial shareholders and their shareholdings in our Company are set out in Section 5.1.1 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.9 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the consolidated financial information of our Group for the Financial Years Under Review.

Consolidated statements of profit or loss and other comprehensive income	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	187,502	209,953	199,643
GP	21,760	22,000	23,862
PBT	10,881	11,394	12,882
PAT	7,646	8,159	9,218
Consolidated statements of cash flows			
Net cash flows (for) / from operating activities	(10,818)	5,771	21,387
Net cash flow for investing activities	(5,725)	(121)	(615)
Net cash flows from / (for) financing activities	11,134	7	(29,433)
Net (decrease) / increase in cash and cash equivalents	(5,409)	5,657	(8,661)
Cash and cash equivalents at beginning of the financial year	15,788	10,379	16,036
Cash and cash equivalents at end of the financial year	10,379	16,036	7,375
Other selected financial information			
	FYE 2021	FYE 2022	FYE 2023
EBITDA (RM'000) ⁽¹⁾	14,097	15,562	16,831
GP margin (%) ⁽²⁾	11.61	10.48	11.95
PBT margin (%) ⁽³⁾	5.80	5.43	6.45
PAT margin (%) ⁽⁴⁾	4.08	3.89	4.62

Notes:

- (1) EBITDA is computed as the sum of operating profit before depreciation and amortisation charges.
(2) GP margin is computed based on GP over revenue.
(3) PBT margin is computed based on PBT over revenue.
(4) PAT margin is computed based on PAT over revenue.

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

3.10 UTILISATION OF PROCEEDS

Based on the IPO Price of RM[●], the total gross proceeds of RM[●] million from the Public Issue will be utilised by our Group in the following manner:

Description of utilisation	Amount of proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	%	
Expansion of warehouse facility	[●]	[●]	Within 24 months
Working capital	[●]	[●]	Within 24 months
Estimated listing expenses	[●]	[●]	Immediate
Total	[●]	100.00	

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

3. PROSPECTUS SUMMARY (CONT'D)**3.11 DIVIDEND POLICY**

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to its shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of its business. Our ability to declare and pay dividends is also subject to the discretion of our Board.

We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

Notwithstanding our Group presently does not have a fixed dividend policy, we envisage a dividend payout of up to 50.00% of our future net profits to our shareholders in each financial year. Details of the dividends declared and paid during the Financial Years Under Review and up to the LPD were as follows:

	FYE 2021	FYE 2022	FYE 2023	From 1 October 2023 and up to the LPD
	RM'000	RM'000	RM'000	RM'000
PAT	7,646	8,159	9,218	-
Dividends declared	4,020	3,516	3,504	2,484
Dividends paid	4,020	3,516	3,504	2,484
Dividend payout (%) *	52.58	43.09	38.01	-

* Computed as dividend paid divided by PAT of the respective financial year.

The dividends paid above were funded by internally generated funds. The dividends will not affect the execution and implementation of our future plans or strategies.

Further information of our dividend policy is set out in Section 12.15 of this Prospectus.

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